# FIFTH REPORT

# STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
(1999-2000)

(THIRTEENTH LOK SABHA)

# MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

(Department of Public Distribution)

# DEMANDS FOR GRANTS
(2000-2001)

*Presented to Lok Sabha on 20.4.2000*

*Laid in Rajya Sabha on 20.4.2000.*

LOK SABHA SECRETARIAT
NEW DELHI

*April, 2000/Chaitra, 1922 (Saka)*

## CONTENTS


PAGE

COMPOSITION OF THE COMMITTEE ..... (iii)

INTRODUCTION ..... (v)

PART-I

REPORT

CHAPTER I Introductory ..... 1

CHAPTER II (i) Production and Procurement of Foodgrains ..... 7

(ii) Scheme of Decentralised Procurement of Foodgrain ..... 15

(iii) Buffer Stock Policy ..... 16

(iv) Storage ..... 18

(v) National Storage Policy ..... 19

CHAPTER III (i) Targeted Public Distribution System ..... 22

(ii) Status of implementation of TPDS Identification/issue of special cards ..... 25

(iii) Role of Department of Public Distribution for various Welfare Schemes ..... 39

CHAPTER IV (i) Food Subsidy ..... 45

CHAPTER V (i) Assistance for construction of godowns ..... 51

(ii) Assistance for purchase of Mobile Vans/Trucks ..... 52

(iii) Scheme for Training Research and Monitoring ..... 57

CHAPTER VI Poor Harvest Operation ..... 59

CHAPTER VII (i) Food Corporation of India (FCI) ..... 64

(ii) Board of Directors of FCI ..... 70

(iii) Central Warehousing Corporation ..... 72

PART-II

I. Minutes of sitting held on 23.3.2000 ..... 81

II. Minutes of sitting held on 11.4.2000 ..... 83

## COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1999-2000)

Shri Devendra Prasad Yadav — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri A.P. Abdullakutty
3. Prof. S.P. Singh Baghel
4. Shri Shyamlal Bansiwal
5. Shri Ranen Barman
*6. Shri Surender Singh Barwala
7. Shri Sujan Singh Bundela
8. Shri Namdeo Harbaji Diwathe
9. Shri Rameshwar Dudi
10. Shri Abdul Hamid
11. Shri Jai Prakash
12. Shrimati Preneet Kaur
13. Shri Brijlal Khabri
14. Shri Shyam Bihari Mishra
15. Shri Aditya Nath
16. Shri Sisram Ola
17. Shri Mansinh Patel
18. Shri Laxmanrao Patil
19. Shri Baju Ban Riyan
20. Shri Vishnu Dev Sai
21. Shri Abdul Rashid Shaheen
22. Shri Kodikunnil Suresh
23. Shri Ram Naresh Tripathee

---

* Shri Surender Singh Barwala ceased to be a member of the Committee *w.e.f.* 24.01.2000 Vide Bulletin Part II (Para No. 400) dated 24.01.2000.

24. Shri Ram Chandra Veerappa
25. Shri Sahib Singh
*26. Shri Akhilesh Yadav
***27. Shri Tejveer Singh
***28. Shri Kishan Lal Diler
***29. Shri Ramshakal
***30. Shri Ram Mohan Gadde
***31. Shri P.D. Elangovan

*Rajya Sabha*

**32. Shri Sushil Barongpa
33. Shri W. Angou Singh
34. Shri Abdul Gaiyur Qureshi
35. Shri Lajpat Rai
36. Shri Dawa Lama
37. Shri M.A. Kadar
38. Shri Kaushok Thiksey
39. Shri D.P. Yadav
40. Shri Nanaji Deshmukh
41. Vacant
42. Vacant
43. Vacant
44. Vacant
45. Vacant

SECRETARIAT

| | | | |
|---|---|---|---|
| 1. | Shri Hamam Singh | — | *Joint Secretary* |
| 2. | Shri Krishan Lal | — | *Deputy Secretary* |
| 3. | Shri R.S. Mishra | — | *Under Secretary* |
| 4. | Smt. Manju Chaudhry | — | *Committee Officer* |

* Nominated to the Committee *w.e.f.* 14th March, 2000 *vide* Bulletin Part II. No. 667 dated 14th March, 2000.

** Shri Sushil Barongpa ceased to be a Member of the Committee consequent upon his retirement from Rajya Sabha *w.e.f.* 2.4.2000.

*** Nominated to the Committee *w.e.f.* 6th April, 2000 *vide* Bulletin Part-II. No. 708 dated 6th April, 2000.

## INTRODUCTION

1, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1999-2000) having been authorised by the Committee to submit the Report on their behalf, present this Fifth Report on Demands for Grants (2000-2001) relating to the Ministry of Consumer Affairs and Public Distribution (Department of Public Distribution).

2. The Committee examined/scrutinised the detailed Demands for Grants (2000-2001) of the Ministry which were laid on the Table of the House on 13th March, 2000.

3. The Committee took evidence of the representatives of the Ministry of Consumer Affairs and Public Distribution (Department of Public Distribution) on 23rd March, 2000.

4. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs and Public Distribution (Department of Public Distribution) for placing before them detailed written notes on the subject and for furnishing the information to the Committee, desired in connection with the examination of the subject.

5. The Report was considered and adopted by the Committee at their sitting held on 11th April, 2000.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI:
17 *April*, 2000
28 *Chaitra* , 1922 *(Saka)*

DEVENDRA PRASAD YADAV.
*Chairman,*
*Standing Committee on Food,*
*Civil Supplies and Public Distribution.*

## CHAPTER - I

## REPORT

**Introductory**

1.1 The Demands for Grants (2000-2001) of the Ministry of Consumer Affairs and Public Distribution (Department of Public Distribution) was laid on the Table of Lok Sabha on 15th March, 1999. Demand No. 39 of the Department of Public Distribution contains the figures of Revenue as well as Capital Expenditure which are as follows :

(Rs. in crores)

| | Revenue | Capital | Total |
|---|---|---|---|
| Charged | 0.02 | 6.90 | 6.92 |
| Voted | 8131.43 | 29.27 | 8160.70 |

1.2 The details of the Budget Estimates and Revised Estimates for (1999-2000) as well as Budget Estimates for (2000-2001) are as under :

(Rs. in crores)

| | | 1999-2000 Budget | | | 1999-2000 Revised | | | 2000-2001 Budget | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Major Head | Plan | Non-Plan | Total | Plan | Non-Plan | Total | Plan | Non-Plan | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **Revenue Section** | | | | | | | | | | |
| Secretariat-Economic Services | 3451 | 1.63 | 8.75 | 10.38 | 1.63 | 8.75 | 10.38 | 1.00 | 9.59 | 10.59 |
| Food, Storage and Warehousing | 2408 | 3.37 | 8206.96 | 8210.33 | 3.37 | 9206.96 | 9210.33 | 3.13 | 8108.03 | 8111.16 |
| North Eastern Area | 2552 | ... | ... | ... | ... | ... | ... | 1.30 | ... | 1.30 |
| Civil Supplies | 3456 | 0.50 | ... | 0.50 | 0.50 | ... | 0.50 | 1.50 | ... | 1.50 |
| Grant-in-Aid to State Governments | 31.06 | 11.25 | ... | 11.25 | 11.25 | ... | 11.25 | 6.90 | ... | 6.90 |
| Total-Revenue Section | | 16.75 | 8215.71 | 8232.46 | 16.75 | 9215.71 | 9232.46 | 13.83 | 8117.62 | 8131.45 |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Section** | | | | | | | | | | |
| Capital Outlay on Food, Storage and Warehousing | 4408 | 20.00 | ... | 20.00 | 20.00 | ... | 20.00 | 25.57 | ... | 25.57 |
| Capital Outlay on North Eastern Area | 4552 | ... | ... | ... | ... | ... | ... | 3.70 | ... | 3.70 |
| Loans and Advances to State Governments | 7601 | 11.25 | ... | 11.25 | 11.25 | ... | 11.25 | 6.90 | ... | 6.90 |
| Total-Capital Section | | 31.25 | ... | 31.25 | 31.25 | ... | 31.25 | 36.17 | ... | 36.17 |
| Grand Total | | 48.00 | 8215.71 | 8263.71 | 48.00 | 9215.71 | 9263.71 | 50.00 | 8117.62 | 8167.62 |

The details of recoveries adjusted on account in reduction of expenditure for revenue and capital section are as under :

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Revenue Section | 16.75 | 8215.71 | 8232.46 | 16.75 | 9215.71 | 9232.46 | 13.83 | 8117.62 | 8131.45 |
| Capital Section | 31.25 | ... | 31.25 | 31.25 | ... | 31.25 | 36.17 | ... | 36.17 |
| Total | 48.00 | 8215.71 | 8263.71 | 48.00 | 9215.71 | 9263.71 | 50.00 | 8117.62 | 8167.62 |

The Head-wise demands have been discussed in the succeeding paragraphs.

1.4 The Department of Public Distribution is one of the Departments of the Ministry of Consumer Affairs and Public Distribution which is concerned with the food economy of the country. The Department of Public Distribution is mainly concerned with matters pertaining to the procurement of foodgrains, building up maintenance of food stocks, their storage, movement and delivery to the distribution agencies etc., including monitoring of Public Distribution System (PDS) to carry-out these activities. With a view to fulfil these responsibilities, the Department undertakes :

(i) Formulation and implementation of national policies of procurement, import/export.

(ii) Storage, movement, distribution and stocking of foodgrains.

(iii) Maintenance of Central reserves of foodgrains.

(iv) Fixation of Central Issue Prices (CIP) of foodgrains.

(v) Food Security, national and international and develop, promote and popularise scientific systems of storage to control and minimize foodgrains losses.

Statement showing BE/RE for the year 1999-2000 and expenditure under both Plan and Non-Plan Schemes/Programmes upto 29.2.2000 alongwith percentage expenditure.

(Rupees in crores)

| Sl. No. | Schemes/Project | BE 1999-2000 | | RE 1999-2000 | | Actuals 1999-2000 (upto February, 2000) | | Percentage expenditure | |
|---|---|---|---|---|---|---|---|---|---|
| | | Plan | Non Plan | Plan | Non Plan | Plan | Non Plan | Plan | Non Plan |
| 1. | Secretariat (MH 3451) | 1.63 | 8.75 | 1.63 | 8.75 | 1.18 | 8.39 | 72.39 | 95.88 |
| 2. | Food Subsidy (MH 2408) | - | 8200.00 | - | 9200.00 | - | 6847.47 | - | 74.43 |
| 3. | Other Programmes of Food, Storage and Warehousing (MH 2408) | 3.37 | 6.96 | 3.37 | 6.96 | 1.84 | 5.99 | 54.6 | 86.06 |
| 4. | Assistance for construction of Godowns (MH 3601) | 6.25 | - | 6.25 | - | 2.42 | - | 38.72 | - |
| | -Do- (MH 7601) | 6.25 | - | 6.25 | - | 2.42 | - | 38.72 | - |
| 5. | Assistance for retail outlets in tribal areas/purchase of Mobile Vans (MH 3601) | 5.00 | - | 5.00 | - | 0.66 | - | 13.2 | - |
| | -Do- (MH 7601) | 5.00 | - | 5.00 | - | 0.16 | - | 3.2 | - |
| 6. | Other Schemes of Civil Supplies (MH 3456) | 0.50 | - | 0.50 | - | 0.21 | - | 42.00 | - |
| 7. | Investment in Public Enterprises (MH 4408) | 20.00 | - | 20.00 | - | 20.00 | - | 100 | - |

1.5 Actual expenditure incurred during 1999-2000 upto February, 2000 is Rs. 15.21 crores. Physical and financial targets achieved during the last three years is as under :

| Year | Physical (in lakh tonnes) | | Financial (Rs. in crores) | |
|---|---|---|---|---|
| | Target | Achievement | Target | Achievement |
| 1996-97 | 0.33 | 0.22 | 17.86 | 22.55 |
| 1997-98 | 0.81 | 0.71 | 19.00 | 21.75 |
| 1998-99 | 0.83 (Original) | 0.41 | 20.00 | 20.62 |
| | 0.43 (Revised) | | | |
| 1999-2000 | 1.15 | 0.67 (Upto Feb. 2000) | 20.00 | 15.21 (Upto Feb. 2000) |

Target fixed for 2000-2001

Physical - 1.00 lakh tonnes with an outlay of Rs. 25.57 crores.

**1996-97**

The shortfall in capacity realisation was due to non-resumption of works by the contractor at Kullu (H.P) despite the decision given to resume the work for a capacity of 1670 MT and slow pace of works at Udupi (Karnataka) for a capacity of 10,000 MT.

**1997-98**

The shortfall in capacity realisation was 10,000 MT at 2 centres *viz.* Dhamora (U.P) - 5,000 MT and Gumla (Bihar) 5,000 MT. The reason for the delay at Dhamora was due to slow progress of work, whereas, at Gumla, construction could be taken up only in one compartment of 1670 MT capacity since a State Government building was falling in the alignment of 3340 MT capacity godown requiring dismantling and some trees were to be cut requiring the approval of the Ministry of Environment and Forests.

**1998-99**

The shortfall in capacity realisation was on account of dropping of proposal at Hanumangarh and late clearance/sanction for the centres at Rajpura (Punjab) and Tanda Urmur (Punjab) and Taraori (Haryana) constituting a physical target of 0.40 lakh tonnes.

1.6 The Committee asked the Ministry whether any amount allocated under BE/RE (1999-2000) has been diverted to other hands. The Ministry in their reply stated that :

> An amount of Rs. 0.85 crores provided under "Other Programme of Food, Storage and Warehousing" for construction of hostel building for Indian Grain Storage Management Research Institute, Jabalpur is not likely to be utilized and is proposed to be diverted for construction of godowns under the Scheme "Assistance for Construction of Godowns". Similarly, savings of the order of Rs. 8.93 crores under "Assistance for retail outlets" are proposed for diversion to construction of godowns.

The Committee was of the opinion that amount allotted under specific head should not be diverted and if it is diverted it shows immature planning. The Ministry in their reply stated that :

> Budget Estimates/Revised Estimates are prepared keeping in view the anticipated expenditure on various Plan Schemes. Generally funds allotted to particular scheme are utilised in the same scheme. However, due to certain exigencies/circumstances of urgent nature, funds are some times diverted from one scheme to another keeping in view the exigencies arising during the year.
>
> A sum of Rs. 90.00 lakhs was provided in the BE/RE for 1999-2000 under the head "Major Works" for construction of hostel building at IGMRI, Jabalpur. However, since the CPWD which is the agency for the construction work, could not utilise the amount and indicated the requirement of funds for 1999-2000 as Rs. 5.00 lakh, Rs. 85.00 lakh was proposed to be diverted for construction of godowns under the scheme "Assistance for Construction of Godowns." Accordingly, Rs. 5.00 lakh has been placed at the disposal of the CPWD and Rs. 85.00 lakhs has been proposed to the Ministry of Finance for re-appropriation.
>
> In case of Centrally Sponsored Scheme (CSS), financial assistance is sanctioned to the States/U.Ts based on the receipts of proposals from States/ U.Ts subject to the fulfilment of terms and conditions for grant of assistance. No physical targets can be set. States/U.Ts are requested to submit proposals complete in all respects. State Governments were also reminded to send the proposals for 1999-2000 during March 1999 and also in September 1999 under the plan scheme. As such the financial assistance under these schemes is purely based on proposals received from States/U.Ts. At the time of preparation of Budget Estimates for 1999-2000 under the scheme "Construction of Godowns" an amount of Rs. 12.50 crores was earmarked, keeping in view the trend of proposals received/financial assistance provided to State Governments in the past (*i.e.* during 1997-98 Rs. 1.88 crores and

during 1998-99 Rs. 12.50 crores was continued under the scheme). During January 2000, Department received a proposal for construction of 96 godowns in super cyclone affected areas in Orissa. After examination of the proposals, an amount of Rs. 115.40 crores was approved by Standing Finance Committee (SFC). By this time Rs. 9.81 crores had already been utilized under this scheme leaving only Rs. 2.69 crores. As the concrete proposals under the scheme "Assistance for retail outlets" were not pending and viewing the urgency of construction of godowns in cyclone affected areas of Orissa, funds have been requested to be diverted to the scheme of "construction of godowns". Hence there is no failure in planning on the part of the Department.

**I.7 The Committee are not satisfied with the performance of the Ministry in so far as plan expenditure during the year 1999-2000 over the budget estimate in some of the schemes such as other programmes of food, storage and warehousing, assistance for construction of godowns, assistance for retail outlets in rural areas/purchase of mobile vans, other civil supplies stood at 54.6%, 38.72%, 13.2% and 42% respectively which is far from being satisfactory. The reasons putforth by the Ministry for less utilisation of funds such as delay in construction works by C.P.W.D., non-receipt of proposals from States/UTs, non-receipt of utilisation certificate from the States/UTs etc. are not satisfying to the Committee. Further during evidence of the representatives of the Ministry, the Committee was informed that savings of the order of Rs. 8.93 crores under the Head Assistance for Retail Outlets are proposed for diversion to construction of godown in Orissa. The Committee are not happy with this situation in their opinion, the Ministry has tried to escape from one pretext to other which is indicative of their poor planning. Natural calamity in Orissa could not be foreseen by the Ministry at the time of formulation of annual plan proposals. The Committee, therefore, recommend that the Ministry should make all out efforts to ensure that the amount allocated under BE/RE in a financial year should be fully utilised and in no case diversion of funds from One Head to other should take place at fag end of the financial year. The Committee also recommend that the Ministry should strengthen its monitoring mechanism so that delays in regard to construction work and non-receipt of proposals etc. do not occur in future.**

## CHAPTER II

### (i) Production and Procurement of Foodgrains

2.1 The main ingredients of the Government's food management policy are procurement of foodgrains; their storage, movement, public distribution; and the maintenance of buffer stocks. Stock wise production of foodgrains is as under :

### Production

**Final Estimates of Area, Production and Yield of Rice, 1998-99**

| State | | Area (Thousand Hectares) | | | | Production (Thousand Tonnes) | | | | Yield (Kg./Hec.) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Andhra Pradesh | Kharif | 2590.5 | 2808.0 | 2383.0 | 2812.0 | 5997.9 | 6745.0 | 5218.0 | 7006.0 | 2315 | 2402 | 2190 | 2491 |
| | Rabi | 1101.6 | 1301.0 | 1117.0 | 1300.0 | 3016.3 | 3941.0 | 3292.0 | 4428.0 | 2738 | 3029 | 2947 | 3406 |
| | Total | 3692.1 | 4109.0 | 3500.0 | 4112.0 | 9014.2 | 10686.0 | 8510.0 | 11434.0 | 2441 | 2601 | 2431 | 2781 |
| Arunachal Pradesh | Kharif | 118.7 | 115.8 | 120.0 | 115.5 | 124.5 | 129.4 | 129.5 | 114.1 | 1049 | 1117 | 1079 | |
| Assam | Autumn | 614.8 | 609.7 | 597.6 | 585.5 | 516.0 | 520.2 | 597.5 | 520.6 | 839 | 853 | 1000 | |
| | Winter | 1733.4 | 1710.2 | 1717.2 | 1610.7 | 2622.7 | 2515.8 | 2471.0 | 2288.1 | 1513 | 1471 | 1439 | |
| | Kharif | 2348.2 | 2319.9 | 2314.8 | 2196.2 | 3138.7 | 3036.0 | 3068.5 | 2808.7 | 1337 | 1309 | 1326 | 1279 |
| | Summer | 155.2 | 171.8 | 175.0 | 223.9 | 251.3 | 292.2 | 314.4 | 446.1 | 1619 | 1701 | 1797 | 1992 |
| | Total | 2503.4 | 2491.7 | 2489.8 | 2420.1 | 3390.0 | 3328.2 | 3382.9 | 3254.8 | 1354 | 1336 | 1359 | 1345 |
| Bihar | Autumn | 696.2 | 722.1 | 749.7 | 755.0 | 762.8 | 828.3 | 892.7 | 881.5 | 1096 | 1147 | 1191 | |
| | Winter | 4232.0 | 4223.3 | 4238.2 | 4222.2 | 5678.8 | 6213.4 | 6004.0 | 5517.9 | 1342 | 1471 | 1417 | |
| | Kharif | 4928.2 | 4945.4 | 4987.9 | 4977.2 | 6441.6 | 7041.7 | 6896.7 | 6399.4 | 1307 | 1424 | 1383 | 1286 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Summer | 108.6 | 122.5 | 124.4 | 122.7 | 198.4 | 239.0 | 236.5 | 233.1 | 1827 | 1951 | 1901 | 1900 |
| | Total | 5036.8 | 5067.9 | 5112.3 | 5099.9 | 6640.0 | 7280.7 | 7133.2 | 6632.5 | 1318 | 1437 | 1395 | 1301 |
| Goa | Autumn | 41.0 | 41.1 | 41.0 | 41.0 | 94.3 | 109.8 | 104.8 | 104.2 | 2300 | 2672 | 2356 | |
| | Winter | 12.5 | 12.5 | 14.5 | 15.4 | 33.8 | 38.2 | 42.7 | 46.9 | 2704 | 3056 | 2945 | |
| | Kharif | 53.5 | 53.6 | 55.5 | 56.4 | 128.1 | 148.0 | 147.5 | 151.1 | 2394 | 2761 | 2658 | |
| Gujarat | Kharif | 570.0 | 642.0 | 672.5 | 622.1 | 826.6 | 946.0 | 1042.3 | 1015.0 | 1450 | 1474 | 1550 | 1633 |
| Haryana | Kharif | 830.0 | 831.0 | 913.0 | 1083.0 | 1847.0 | 2463.0 | 2556.0 | 2425.0 | 2225 | 2964 | 2800 | 2239 |
| Himachal Pradesh | Kharif | 82.6 | 81.7 | 86.2 | 82.8 | 111.2 | 108.6 | 120.4 | 117.8 | 1346 | 1329 | 1397 | 1423 |
| Jammu & Kashmir | Kharif | 273.0 | 275.3 | 275.7 | 270.3 | 508.5 | 431.4 | 549.3 | 589.1 | 1863 | 1567 | 1992 | 2179 |
| Karnataka | Kharif | 1008.7 | 1050.7 | 1031.5 | 1077.5 | 2317.9 | 2368.0 | 2340.5 | 2544.5 | 2298 | 2254 | 2269 | 2361 |
| | Rabi | 58.0 | 58.7 | 53.9 | 5.0 | 116.1 | 116.1 | 109.4 | 102.0 | 2002 | 1978 | 2030 | |
| | Summer | 198.5 | 249.1 | 268.0 | 296.0 | 589.9 | 727.5 | 762.8 | 958.0 | 2972 | 2921 | 2846 | |
| | Rabi/sum | 256.5 | 307.8 | 321.9 | 348.0 | 706.0 | 843.6 | 872.2 | 1060.0 | 2752 | 2741 | 2710 | 3046 |
| | Total | 1265.2 | 1358.5 | 1353.4 | 1425.5 | 3023.9 | 3211.6 | 3212.7 | 3604.5 | 2390 | 2364 | 2374 | 2529 |
| Kerala | Autumn | 186.7 | 163.9 | 144.7 | 120.2 | 344.2 | 332.6 | 285.3 | 235.9 | 1844 | 2020 | 1972 | |
| | Winter | 224.6 | 205.1 | 180.7 | 173.0 | 458.1 | 375.5 | 342.4 | 308.1 | 2040 | 1831 | 1895 | |
| | Kharif | 411.3 | 369.0 | 325.4 | 293.2 | 802.3 | 708.1 | 627.7 | 544.0 | 1951 | 1919 | 1929 | 1855 |
| | Summer | 59.8 | 55.8 | 61.7 | 55.0 | 150.7 | 123.5 | 136.9 | 114.6 | 2520 | 2213 | 2219 | 2084 |
| | Total | 471.1 | 424.8 | 387.1 | 348.2 | 953.0 | 831.6 | 764.6 | 658.6 | 2023 | 1958 | 1975 | 1891 |
| Madhya Pradesh | Kharif | 5344.4 | 5396.4 | 5426.7 | 5305.2 | 5839.1 | 5939.1 | 4528.2 | 5373.9 | 1093 | 1101 | 834 | 1013 |
| Maharashtra | Kharif | 1484.8 | 1448.5 | 1448.0 | 1445.7 | 2498.4 | 2552.2 | 2330.0 | 2395.1 | 1683 | 1762 | 1614 | 1657 |
| | Rabi | 32.3 | 29.0 | 32.9 | 37.4 | 64.4 | 62.2 | 64.6 | 72.5 | 1994 | 2145 | 1964 | 1939 |
| | Total | 1517.1 | 1477.5 | 1476.9 | 1483.1 | 2562.8 | 2614.4 | 2394.6 | 2467.6 | 1689 | 1769 | 1621 | 1664 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Manipur | Kharif | 154.4 | 166.1 | 157.9 | 166.9 | 331.8 | 367.3 | 351.7 | 382.2 | 2149 | 2211 | 2227 | |
| Meghalaya | Kharif | 104.0 | 104.8 | 105.2 | 105.4 | 111.8 | 141.1 | 150.1 | 149.7 | 1075 | 1346 | 1427 | |
| Mizoram | Kharif | 65.3 | 63.6 | 67.0 | 67.8 | 100.5 | 108.4 | 107.5 | 110.8 | 1539 | 1704 | 1604 | 1634 |
| | Rabi | 0.5 | 1.1 | 1.1 | 1.1 | 1.0 | 2.8 | 2.8 | 2.8 | 2000 | 2545 | 2545 | 254 |
| | Total | 65.8 | 64.7 | 68.1 | 68.9 | 101.5 | 111.2 | 110.3 | 113.6 | 1543 | 1719 | 1620 | 1649 |
| Nagaland | Kharif | 140.0 | 140.0 | 145.2 | 145.3 | 185.0 | 153.0 | 187.3 | 210.0 | 1321 | 1093 | 1290 | 1445 |
| Orissa | Autumn | 854.0 | 822.0 | 827.0 | 820.0 | 812.0 | 449.0 | 813.0 | 501.0 | 951 | 546 | 983 | 611 |
| | Winter | 3400.0 | 3378.0 | 3434.0 | 3359.0 | 4836.0 | 3379.0 | 4938.0 | 4384.0 | 1422 | 1000 | 1438 | 1305 |
| | Kharif | 4254.0 | 4200.0 | 4261.0 | 4179.0 | 5648.0 | 3828.0 | 5751.0 | 4885.0 | 1328 | 911 | 1350 | 1169 |
| | Summer | 275.0 | 269.3 | 235.8 | 268.1 | 578.2 | 610.4 | 453.6 | 506.5 | 2103 | 2267 | 1924 | 1889 |
| | Total | 4529 | 4469.3 | 4496.8 | 4447.1 | 6226.2 | 4438.4 | 6204.6 | 5391.5 | 1375 | 993 | 1380 | 1212 |
| Punjab | Kharif | 2161.0 | 2159.0 | 2281.0 | 2519.0 | 6768.0 | 7334.0 | 7904.0 | 7940.0 | 3132 | 3397 | 3465 | 3152 |
| Rajasthan | Kharif | 139.5 | 147.1 | 163.5 | 168.0 | 117.6 | 174.2 | 190.3 | 205.4 | 843 | 1184 | 1164 | 1223 |
| Sikkim | Kharif | 15.9 | 16.0 | 15.7 | 15.9 | 21.9 | 22.1 | 21.4 | 22.0 | 1377 | 1381 | 1363 | 1384 |
| Tamil Nadu | Autumn | 285.4 | 256.7 | 287.9 | 303.9 | 1093.5 | 983.8 | 1025.9 | 1222.6 | 3831 | 3832 | 3563 | 4023 |
| | Winter | 1480.6 | 1652.7 | 1695.8 | 1790.2 | 3628.8 | 3974.4 | 4938.8 | 5885.6 | 2451 | 2405 | 2912 | 3288 |
| | Kharif | 1766.0 | 1909.4 | 1983.7 | 2094.1 | 4722.3 | 4958.2 | 5964.7 | 7108.2 | 2674 | 2597 | 3007 | 3394 |
| | Summer | 184.6 | 264.3 | 276.9 | 292.3 | 567.7 | 847.1 | 929.0 | 1107.1 | 3075 | 3205 | 3355 | 3788 |
| | Total | 1950.6 | 2173.7 | 2260.6 | 2386.4 | 5290.0 | 5805.3 | 6893.7 | 8215.3 | 2712 | 2671 | 3050 | 3443 |
| Tripura | Autumn | 44.2 | 62.5 | 62.6 | 63.2 | 65.1 | 107.2 | 104.8 | 103.8 | 1473 | 1715 | 1674 | 1642 |
| | Winter | 133.6 | 140.0 | 138.4 | 138.9 | 278.1 | 308.6 | 316.5 | 298.1 | 2062 | 2204 | 2287 | 2146 |
| | Kharif | 177.8 | 202.5 | 201.0 | 202.1 | 343.2 | 415.8 | 421.3 | 401.9 | 1930 | 2053 | 2096 | 1989 |
| | Summer | 53.7 | 56.4 | 56.8 | 53.4 | 122.3 | 129.0 | 114.5 | 93.6 | 2277 | 2287 | 2016 | 1753 |
| | Total | 231.5 | 258.9 | 257.8 | 255.5 | 465.5 | 544.8 | 535.8 | 495.5 | 2011 | 2104 | 2078 | 1939 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Uttar Pradesh | Kharif | 5561.0 | 5544.9 | 5657.3 | 5926.9 | 10354.0 | 11759.3 | 12148.6 | 11603.4 | 1862 | 2121 | 2147 | 1958 |
| | Summer | 3.5 | 4.3 | 6.2 | 5.4 | 8.5 | 11.4 | 16.8 | 12.5 | 2429 | 2651 | 2710 | 2315 |
| | Total | 5564.5 | 5549.2 | 5663.5 | 5932.3 | 10362.5 | 11770.7 | 12165.4 | 11615.9 | 1862 | 2121 | 2148 | 1958 |
| West Bengal | Autumn | 510.5 | 461.7 | 423.1 | 425.0 | 854.5 | 775.5 | 752.0 | 740.7 | 1674 | 1680 | 1777 | 1743 |
| | Winter | 4282.8 | 4282.5 | 4270.3 | 4028.6 | 7615.2 | 8566.4 | 8915.1 | 7653.8 | 1778 | 2000 | 2088 | 1900 |
| | Kharif | 4793.3 | 4744.2 | 4693.4 | 4453.6 | 8469.7 | 9341.9 | 9667.1 | 8394.5 | 1767 | 1969 | 2060 | 1885 |
| | Summer | 1160.1 | 1056.4 | 1206.8 | 1450.5 | 3417.3 | 3294.9 | 3569.5 | 4922.0 | 2946 | 3119 | 2958 | 3393 |
| | Total | 5953.4 | 5800.6 | 5900.2 | 5904.1 | 11887.0 | 13636.8 | 13236.6 | 13316.5 | 1997 | 2179 | 2243 | 2255 |
| A & N Island | Kharif | 12.6 | 12.5 | 12.2 | 12.2 | 33.0 | 33.2 | 30.0 | 26.2 | 2619 | 2656 | 2459 | 2148 |
| D & N Haveli | Kharif | 13.5 | 13.4 | 14.5 | 13.5 | 24.1 | 20.1 | 22.4 | 17.0 | 1785 | 1500 | 1545 | 1259 |
| Delhi | Kharif | 15.2 | 3.9 | 6.4 | 7.3 | 13.0 | 3.1 | 5.3 | 6.0 | 855 | 795 | 828 | 822 |
| Daman & Diu | Kharif | 2.0 | 2.0 | 2.0 | 2.0 | 2.9 | 2.9 | 2.9 | 2.9 | 1450 | 1450 | 1450 | 1450 |
| Pondicherry | Autumn | 5.5 | 5.2 | 5.9 | 4.7 | 14.1 | 13.5 | 15.1 | 11.9 | 2564 | 2596 | 2559 | 2532 |
| | Winter | 15.1 | 15.2 | 14.8 | 13.5 | 36.1 | 30.0 | 24.6 | 22.3 | 2391 | 1974 | 1662 | 1652 |
| | Kharif | 20.6 | 20.4 | 20.7 | 18.2 | 50.2 | 43.5 | 39.7 | 34.2 | 2437 | 2132 | 1918 | 1879 |
| | Summer | 5.3 | 6.2 | 5.6 | 5.6 | 14.4 | 17.0 | 11.8 | 11.8 | 2717 | 2742 | 2107 | 2107 |
| | Total | 25.9 | 26.6 | 26.3 | 23.8 | 64.6 | 60.5 | 51.5 | 46.0 | 2494 | 2274 | 1958 | 1933 |
| All India | Autumn | 3238.3 | 3144.9 | 3139.5 | 3118.5 | 4556.5 | 4119.9 | 4591.1 | 4322.2 | 1407 | 1310 | 1462 | 1386 |
| | Winter | 15514.6 | 15619.5 | 15703.9 | 15351.5 | 25187.6 | 25401.3 | 27993.1 | 26404.8 | 1623 | 1626 | 1783 | 1720 |
| | Kharif | 20687.1 | 21022.7 | 20980.5 | 21964.3 | 38134.7 | 41801.4 | 39935.7 | 42256.9 | 1843 | 1988 | 1903 | 1924 |
| Total | Kharif | 39440.0 | 39787.1 | 39823.9 | 40434.3 | 67878.8 | 71322.6 | 72519.9 | 72983.9 | 1721 | 1793 | 1821 | 1805 |
| | Rabi/sum | 3306.7 | 3645.9 | 3622.1 | 4163.4 | 9096.5 | 10414.1 | 10014.6 | 13010.6 | 2678 | 2856 | 2765 | 3125 |
| | Total | 42836.7 | 43433.0 | 43446.0 | 44597.7 | 76975.3 | 81736.7 | 82534.5 | 85994.5 | 1797 | 1882 | 1900 | 1928 |

**Final Estimates of Area, Production and Yield of wheat, 1998-99**

| State | Area (Thousand Hectares) | | | | Production (Thousand Tonnes) | | | | Yield (Kg./Hec.) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| Andhra Pradesh | 10.7 | 12.5 | 11.0 | 10.3 | 7.8 | 9.0 | 6.0 | 6.9 | | | | |
| Arunachal Pradesh | 4.6 | 4.3 | 3.8 | 3.7 | 7.3 | 6.1 | 5.7 | 4.4 | | | | |
| Assam | 85.8 | 87.9 | 84.7 | 89.6 | 95.1 | 117.1 | 110.1 | 90.5 | 1108 | 1332 | 1300 | 1010 |
| Bihar | 2134.3 | 2088.9 | 2074.7 | 2098.8 | 4238.9 | 4560.7 | 4848.7 | 4180.8 | 1986 | 2183 | 2337 | 1992 |
| Gujarat | 506.1 | 581.0 | 694.1 | 701.4 | 1123.5 | 1336.0 | 1647.0 | 1702.6 | 2220 | 2299 | 2373 | 2427 |
| Haryana | 1972.0 | 2017.0 | 2084.0 | 2188.0 | 7291.0 | 7826.0 | 7554.0 | 8568.0 | 3697 | 3880 | 3660 | 3916 |
| Himachal Pradesh | 380.8 | 357.2 | 377.3 | 377.4 | 537.1 | 531.0 | 641.3 | 641.4 | 1410 | 1487 | 1700 | 1700 |
| Jammu & Kashmir | 243.8 | 246.9 | 244.7 | 238.5 | 399.2 | 412.6 | 396.5 | 365.0 | 1637 | 1671 | 1620 | 1530 |
| Karnataka | 218.7 | 248.4 | 250.7 | 268.6 | 145.6 | 190.3 | 118.5 | 219.9 | 666 | 771 | 473 | 819 |
| Madhya Pradesh | 4019.8 | 4327.2 | 4589.7 | 4650.9 | 6666.6 | 7793.2 | 7220.2 | 8344.2 | 1658 | 1801 | 1573 | 1794 |
| Maharashtra | 701.7 | 799 | 747.0 | 1015.5 | 897.7 | 1167.0 | 671.0 | 1308.5 | 1279 | 1460 | 898 | 1289 |
| Meghalaya | 4.2 | 4.3 | 4.3 | 4.2 | 4.7 | 6.9 | 6.9 | 6.9 | | | | |
| Nagaland | 0.5 | 2 | 1.8 | 3.5 | 1.5 | 2.5 | 3.0 | 9.4 | | | | |
| Orissa | 4.9 | 5 | 5.0 | 3.7 | 6.1 | 6.6 | 6.6 | 4.4 | 1215 | 1320 | 1320 | |
| Punjab | 3223.0 | 3229 | 3300.0 | 3338.0 | 12518.0 | 13672.0 | 12715.0 | 14460.0 | 3884 | 4234 | 3853 | 4332 |
| Rajasthan | 2196.2 | 2474.3 | 2679.7 | 2766.3 | 5493.3 | 6782.0 | 6701.0 | 6879.8 | 2501 | 2741 | 2501 | 2487 |
| Sikkim | 8.4 | 9 | 8.1 | 7.9 | 15.3 | 14.8 | 14.0 | 6.4 | | | | |
| Tamilnadu | 0.1 | 0.1 | 0.2 | 0.1 | Neg. | Neg. | 0.1 | Neg. | | | | |
| Tripura | 2.6 | 2 | 2.3 | 1.1 | 5.2 | 3.9 | 4.4 | 2.1 | | | | |
| Uttar Pradesh | 8924.1 | 9014.3 | 9152.8 | 9230.7 | 21815.6 | 24049.6 | 22833.9 | 23169.5 | 2445 | 2668 | 2495 | 2510 |
| West Bengal | 337.8 | 351.1 | 367.4 | 367.5 | 725.3 | 839.0 | 810.5 | 778.1 | 2147 | 2390 | 2206 | 2117 |
| D & N Haveli | 0.5 | | 0.6 | 0.1 | 0.3 | Neg. | 1.2 | 0.3 | | | | |
| Delhi | 30.4 | 26 | 32.2 | 32.2 | 102.3 | 23.9 | 29.4 | 29.4 | | | | |
| All India | 25011.0 | 25887.1 | 26696.1 | 27398.0 | 62097.4 | 69350.2 | 66345.0 | 70778.5 | 2483 | 2679 | 2485 | 2583 |

## Final Estimates of Area Production and Yield of Total Coarse Cereals, 1998-99

| State | Area (Thousand Hectares) | | | | Production (Thousand Tonnes) | | | | Yield (Kg./Hec.) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| Andhra Pradesh | 1579.1 | 1549.7 | 1444.7 | 1497.3 | 1873.4 | 2142.2 | 1790.6 | 2191.0 | 1186 | 1382 | 1239 | 1463 |
| Arunachal Pradesh | 53.7 | 49.8 | 53.0 | 54.3 | 66.0 | 63.6 | 68.0 | 62.6 | 1229 | 1277 | 1283 | 1153 |
| Assam | 30.6 | 29.5 | 29.7 | 30.3 | 19.0 | 18.4 | 20.1 | 19.5 | 621 | 624 | 677 | 644 |
| Bihar | 900.5 | 960.8 | 870.8 | 847.4 | 1513.8 | 1830.8 | 1445.6 | 398.0 | 1681 | 1905 | 1660 | 1650 |
| Goa | 2.9 | 3.0 | 3.0 | 2.8 | 3.0 | 3.9 | 3.1 | 3.7 | | | | |
| Gujarat | 1834.7 | 1854.1 | 1815.7 | 1718.2 | 1696.4 | 2262.8 | 2407.1 | 2214.8 | 925 | 1220 | 1326 | 1289 |
| Haryana | 767.0 | 762.0 | 781.0 | 792.0 | 587.0 | 814.0 | 863.0 | 777.0 | 765 | 1068 | 1105 | 981 |
| Himachal Pradesh | 349.5 | 350.8 | 354.1 | 348.6 | 703.4 | 637.5 | 666.9 | 718.6 | 2013 | 1817 | 1883 | 2061 |
| Jammu & Kashmir | 331.4 | 337.1 | 341.8 | 336.2 | 549.8 | 470.3 | 455.8 | 543.6 | 1659 | 1395 | 1334 | 1617 |
| Karnataka | 3852.6 | 3988.2 | 3774.3 | 3876.1 | 4788.0 | 5088.7 | 4219.1 | 5436.6 | 1243 | 1276 | 1118 | 1401 |
| Kerala | 9.6 | 8.7 | 8.2 | 8.5 | 6.0 | 5.8 | 5.4 | 5.6 | - | | | |
| Madhya Pradesh | 2970.0 | 2916.9 | 2825.8 | 2790.3 | 2469.4 | 2211.5 | 2331.3 | 2506.9 | 831 | 758 | 825 | 898 |
| Maharashtra | 7751.0 | 8200.0 | 7693.3 | 7095.3 | 6504.6 | 8784.2 | 5410.6 | 6721.8 | 839 | 1071 | 703 | 947 |
| Manipur | 2.6 | 6.4 | 3.6 | 3.0 | 7.1 | 23.4 | 13.1 | 10.1 | | | | |
| Meghalaya | 19.8 | 19.8 | 20.0 | 19.5 | 23.9 | 27.8 | 27.1 | 27.1 | 1207 | 1404 | 1355 | 1390 |
| Mizoram | 7.8 | 8.5 | 8.2 | 8.7 | 15.2 | 15.8 | 16.5 | 16.6 | | | | |
| Nagaland | 41.9 | 46.0 | 37.1 | 42.0 | 40.5 | 43.2 | 34.1 | 47.6 | 988 | 939 | 919 | 1133 |
| Orissa | 198.8 | 218.0 | 193.8 | 189.4 | 138.6 | 160.5 | 140.1 | 146.7 | 697 | 736 | 723 | 775 |
| Punjab | 219.6 | 207.6 | 210.2 | 189.0 | 436.2 | 467.2 | 464.2 | 456.0 | 1986 | 2250 | 2208 | 2413 |
| Rajasthan | 5992.7 | 6469.2 | 6518.3 | 5884.1 | 2500.4 | 4020.5 | 4522.7 | 3404.3 | 417 | 621 | 694 | 579 |
| Sikkim | 46.0 | 45.8 | 45.7 | 45.5 | 63.0 | 62.9 | 61.8 | 56.7 | 1370 | 1373 | 1352 | 1246 |
| Tamil Nadu | 811.2 | 802.9 | 790.0 | 1046.9 | 882.2 | 891.9 | 965.8 | 1453.7 | 1088 | 1111 | 1223 | 1389 |
| Tripura | 2.0 | 2.0 | 2.0 | 2.3 | 1.8 | 1.8 | 1.8 | 1.7 | | | | |
| Uttar Pradesh | 3023.2 | 2905.5 | 2930.8 | 2635.5 | 4000.1 | 3939.4 | 4304.7 | 3091.3 | 1323 | 1356 | 1469 | 1173 |
| West Bengal | 71.2 | 60.6 | 68.3 | 63.3 | 131.4 | 109.0 | 154.5 | 146.5 | 1846 | 1799 | 2262 | 2314 |
| D & N Haveli | 2.6 | 2.6 | 2.1 | 2.2 | 3.0 | 3.0 | 2.8 | 2.5 | | | | |
| Delhi | 12.3 | 8.2 | 7.8 | 12.1 | 8.3 | 3.9 | 3.3 | 5.7 | | | | |
| Pondicherry | 0.4 | 0.5 | 0.3 | 0.2 | 0.9 | 0.9 | 0.8 | 0.5 | | | | |
| All India | 30883.8 | 31814.2 | 30833.6 | 29540.8 | 29032.4 | 34104.9 | 30399.9 | 31460.7 | 940 | 1072 | 986 | 1065 |

**Procurement**

2.2 Procurement of foodgrains is one of the central pillars of the Food Policy of the Government of India.

Procurement of foodgrains by Government serves the dual purpose of providing support prices to the farmers and of building up public stocks of foodgrains. Procurement operations are carried out by the FCI and the State agencies designated by State Governments.

All the foodgrains conforming to the prescribed specifications offered for sale at specified centres are bought by the public procuring agencies.

The Committee asked about the target if any fixed for the procurement. In their reply, the Ministry said that no targets as such are fixed for the procurement of foodgrains. The producers have the option to sell their produce to Food Corporation of India/State Agencies at support prices or in open market as is advantages to them.

The Committee asked about the norms for fixing Minimum Support Price (MSP) for rice and in their reply the Ministry said that rice is collected by way of statutory levy on rice millers and rice dealers. The percentage of levy is fixed by State Governments with the approval of Central Government.

Before each Kharif season, prices of levy rice are fixed. While working out these prices, State Governments and UTs, concerned are asked to supply information on various taxes/charges applicable in the respective States with a view to computing the prices by including all the staturory charges payable by the rice millers. Minimum Support Price for Common and Grade 'A' of paddy, various statutory and non-statutory charges, out turn ratio from paddy to rice etc. are taken into account in finalising the prices for levy rice.

2.3 In their reply the Ministry apprised the Committee that the quantity of foodgrains including coarsegrains procured by Food Corporation of India and other agencies for last three years are as under:

(In '000 tonnes)

| | 1997-98 | | 1998-99 | | 1999-2000 (As on 13.3.2000) | |
|---|---|---|---|---|---|---|
| | FCI | State Agencies | FCI | State Agencies | FCI | State Agencies |
| Rice | 8865 | 203 | 6558 | 1002 | 6629 | 1050 |
| Paddy | 3027 | 6708 | 2463 | 4977 | 2540 | 7661 |
| Total rice | 10883 | 4675 | 8200 | 4320 | 8322 | 6157 |
| Wheat | 2018 | 7279 | 3142 | 9510 | 3827 | 10316 |
| Coarsegrains | 2 | 16 | Neg. | 2 | - | Neg. |

At the commencement of Kharif/Rabi Marketing Season all the procuring State Governments are requested to setup a Control Room in the State Head Quarters to monitor procurement as well as distress sale of FAQ foodgrains. State Governments are specifically asked to make all necessary and adequate arrangement in coordination with FCI to closely monitor the implementation of the Minimum Support Price Scheme.

The Chief Secretaries are asked to take meeting of the concerned officers including the Zonal Manager and Senior Regional Manager of FCI to review the adequacy of arrangement made for procurement operations and also to look into the complaints received so as to assess whether there was timely response to these complaints. During Kharif 1999-2000 Marketing season, complaints regarding distress sale of foodgrains was received from Haryana, Punjab, Tamil Nadu, Uttar Pradesh, Gujarat, Bihar, Orissa and West Bengal. The matter was examined in consultation with the State Governments and they have replied that no paddy of FAQ grade was sold below MSP in their State.

2.4 The Committee enquired about the criterion for opening of the procurement centres for foodgrains. The Ministry in their reply said that in order to facilitate procurement of foodgrains after estimates the expected production, Food Corporation of India and the various State Agencies in consultation with the State Government establish a number of temporary purchase centres at various mandis and key points. The Ministry also said that the number of centres and their locations are decided by the State Governments. In this regard the directive of Prime Minister for opening centres within a radius of 10 Kms. distance from farmers village is kept in view.

2.5 The main objectives of the Government's Price Policy for agricultural produce are aimed at ensuring remunerative prices to the growers for their produce with a view to encouraging higher investments and production. Towards this end, Government announces each season, the Minimum Support Prices for major agricultural commodities. The Government decides the Support Prices by taking into consideration the recommendations of the CACP, the views of State Governments, and Central Ministries. The CACP takes into account all the relevant factors such as level of production, behaviour of market prices, inter-crop price parity, the stocks, distribution and supply-demand balances, level of input prices, cost of production and terms of trade between agricultural and non-agricultural sectors, and reasonable profit margin to the farmers. The prices so fixed are remunerative prices. As these MSPs have been raised over the years, these have not only increased production but also resulted in increased procurement. However, the procurement under price support operations is voluntary on the part of the farmers. The farmers are free to sell their produce at MSP to public procurement agencies or in the open market/trade, as is advantageous to them.

**(ii) Scheme of Decentralised Procurement of Foodgrains**

2.6 Concentration of procurement of foodgrains in a few States led to many problems with regard to the levy of taxes, storage, and also transportation of foodgrains to different consuming centers resulting in transit losses, etc. As the major food deficit States are located in the North-East and far South, transportation of foodgrains from Punjab & Haryana to these distant States puts enormous pressure on rail traffic, besides causing huge expenditure on cost of transportation, and, also losses on account of transit, storage, pilferage, etc. To overcome these problems, it was considered necessary to decentralize the procurement process by dispersing the procurement centres to different parts of the country thereby encouraging local procurement to the maximum extent. Under this scheme, the designated States are to procure, store and, also, issue foodgrains as per allotments indicated by the Central Govt. under PDS. The difference between the economic cost of the State Govt. and the Central Issue Prices is passed on to the State Govt. as subsidy.

Under this scheme, procurement of *rice* started in West Bengal during Kharif Marketing Season, 1997-98. In Madhya Pradesh and Uttar Pradesh, the scheme commenced with effect from the Rabi Marketing Season, 1999-2000 for *wheat*. The State Government of Uttar Pradesh has also commenced procurement of paddy/rice under this scheme with effect from the Kharif Marketing Season 1999-2000. While the state Governments of Rajasthan, Tamil Nadu, Orissa, Assam and J & K are not in favour of the scheme and have decided to continue the existing system of procurement, the Governments of Bihar, Gujarat and Manipur have not responded so far to the scheme.

In order to ensure that the procurement of wheat does not suffer on account of movement constraints, FCI has been directed to enhance movement in close coordination with Railways to the extent of optimum storage capacity in the consuming regions irrespective of the present demand. At present, movement from covered godowns is being accorded priority to create room for acceptance of rice FCI, as well as the State Agencies in Punjab and Haryana have been advised to assess the requirement of storage space at various locations and to create/hire storage space wherever required. The Govt. of India commenced open sale of wheat from December 1998 onwards and about 39.87 lakh tonnes of wheat has been disposed of through open Sale Scheme to off-load the stocks FCI has assured that the procurement of wheat during the forthcoming Rabi will not suffer on account of movement constraints.

2.7 The Committee was concerned about the accumulated foodgrains in Central Pool in north especially in Punjab. The Ministry in their reply stated that :

> Huge stocks of foodgrains have accumulated in the Central Pool in North, especially in Punjab. The comparative position of Stocks of foodgrains in

Punjab and the total foodgrains in North is given below:

**Foodgrains Stock in Central Pool**

(Figures in lakh MT)

| AS ON | PUNJAB | | | TOTAL NORTH | | |
|---|---|---|---|---|---|---|
| 1st | RICE | WHEAT | TOTAL | RICE | WHEAT | TOTAL |
| FEB. 1999 | 64.79 | 53.09 | 117.88 | 77.37 | 92.68 | 170.05 |
| FEB. 2000 | 93.54 | 63.08 | 156.62 | 108.79 | 109.41 | 218.20 |

The main reasons for accumulation of foodgrains in the North, especially in Punjab, have been :

(i) Increase in the foodgrains procured by FCI and the State Agencies.

(ii) Non-commensurate increase in the off-take levels.

(iii) Improved availability of foodgrains in the consuming regions.

(iv) Preference of the consumers in many States for rice from other than Punjab.

(v) Storage space constraints with FCI in many consuming States.

The movement of foodgrains has considerably increased during the current financial year. 145.15 lakh tonnes of foodgrains have been moved on inter-states account ex-North during 1999-2000 (up to Feb. 2000), as against 119.74 lakh tonnes during 1998-1999. The figures include the movement of 104.28 lakh tonnes of foodgrains from Punjab during 1999-2000 (up to Feb. 2000), as against 79.27 lakh tonnes during 1998-99.

**(iii) Buffer Stock Policy**

2.8 The importance of building up a buffer stock of foodgrains to stabilise the food economy of the country has long been recognised. In fact, adequate size of buffer stock of foodgrains is an essential element of the national food policy. Buffer stock of foodgrains is necessary not only to impart inter-seasonal stability to foodgrains supply and prices, but also to ensure food security and meet emergent situations arising out of unexpected crop failure, natural disasters etc.

The minimum buffer stocks to be maintained as per the current buffer stocking policy effective from 30th October, 1998 on the 1st day of each quarter are as under :

**Prescribed Minimum Stock Levels**

(In Million Tonnes)

| Date | Rice | Wheat | Total |
|---|---|---|---|
| 1st April | 11.8 | 4.0 | 15.8 |
| 1st July | 10.0 | 14.3 | 24.3 |
| 1st October | 6.5 | 11.6 | 18.1 |
| 1st January | 8.4 | 8.4 | 16.8 |

**Stock Position**

As on 1.12.1999, the stocks of foodgrains in the Central Pool held by F.C.I. and State Agencies stood at 31.79 million tonnes as against 24.96 million tonnes on the same day in the preceding year. The total stock of foodgrains in the Central Pool as on 1st December during the last five years were as follows:

| | (In Million Tonnes) |
|---|---|
| 1.12.1995 | 29.89 |
| 1.12.1996 | 20.54 |
| 1.12.1997 | 18.75 |
| 1.12.1998 | 24.96 |
| 1.12.1999 | 31.79 |

The stocks of wheat and rice stored in Govt. agencies are more than the fixed norms of buffer stocks.

Buffer norms as prescribed by Govt. of India

(Figs. In lakh tonnes)

| | 1st Jan. | 1st April | 1st July | 1st Oct. |
|---|---|---|---|---|
| Rice | 84.00 | 118.00 | 100.00 | 65.00 |
| Wheat | 84.00 | 40.00 | 143.00 | 116.00 |
| Total | 168.00 | 158.00 | 243.00 | 181.00 |

The stock position in central pool as on 31.1.2000 are as under :

(Figs. in lakh tonnes)

| | |
|---|---|
| Rice | 154.95 |
| Wheat | 158.36 |
| Total | 313.31 |

The storage of wheat and rice in Government Godowns is more than the fixed norms of buffer stock. The stock of wheat and rice in the central pool during 1999-2000 (upto 1.2.2000) as compared to recommended buffer norms of foodgrains are as under :

(in lakh tonnes)

| As on | Buffer Norms | | | Stock in central pool | | | | Surplus Stock |
|---|---|---|---|---|---|---|---|---|
| | Rice | Wheat | Total | As on | Rice | Wheat | Total | |
| 1st Jan. | 84.00 | 84.00 | 168.00 | 1.1.99 | 116.83 | 126.96 | 243.79 | 75.79 |
| 1st Apr. | 118.00 | 40.00 | 158.00 | 1.4.99 | 117.39 | 99.21 | 216.60 | 58.60 |
| 1st July | 100.00 | 143.00 | 243.00 | 1.7.99 | 107.35 | 216.35 | 323.70 | 88.70 |
| 1st Oct. | 65.00 | 116.00 | 181.00 | 1.10.99 | 88.18 | 205.32 | 322.45 | 141.45 |
| 1st Jan. | 84.00 | 84.00 | 168.00 | 1.1.2000 | 141.81 | 171.70 | 313.51 | 168.00 |
| | | | | 1.2.2000 | 154.95 | 158.36 | 313.31 | – |

**(iv) Storage**

2.9 The storage plan of the Ministry aims at providing the capacity required for (i) buffer and operational stock of foodgrains to maintain the Public Distribution System (PDS) and (ii) General Warehousing. There is 3 tier storage system engaged in building large scale storage/warehousing capacity. These are the FCI, CWC and State Warehousing Corporation. The total storage capacity is as under :

(Figs. in million tonnes)

| Capacity | 1st April 1996 | 1st April 1997 | 1st April 1998 | 1st April 1999 | 1st Jan. 2000 |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| **COVERED** | | | | | |
| Owned | 12.41 | 12.42 | 12.43 | 12.50 | 12.55 |
| Hired | | | | | |
| State Govt. | 1.02 | 0.78 | 0.74 | 0.73 | 0.73 |

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| CWC | 1.75 | 1.51 | 1.61 | 1.53 | 1.81 |
| SWC | 2.08 | 1.74 | 1.77 | 1.74 | 1.87 |
| Pvt. Parties | 3.40 | 3.02 | 2.61 | 2.65 | 2.82 |
| Total (Hired) | 8.25 | 7.05 | 6.73 | 6.65 | 7.33 |
| Total Covered | 20.66 | 19.47 | 19.16 | 19.15 | 19.81 |
| CAP | | | | | |
| Owned | 1.60 | 1.50 | 1.55 | 1.63 | 2.00 |
| Hired | 4.15 | 1.67 | 1.66 | 2.56 | 2.89 |
| Total CAP | 5.75 | 3.17 | 3.21 | 4.19 | 4.89 |
| Grand Total | 26.41 | 22.64 | 22.37 | 23.34 | 24.70 |

2.10 The table below indicates the physical and financial targets as well as achievement in respect of creation of storage capacity during 1998-99, 1999-2000 as well as targets for 2000-2001.

| Agency | 1998-99 | | 1999-2000 | | 2000-2001 | |
|---|---|---|---|---|---|---|
| | Physical (in lakh tonnes) | Financial (Rs. in Crores) | Physical (in lakh tonnes) | Financial (Rs. in Crores) | Physical (in lakh tonnes) | Financial (Rs. in Crores) |
| FCI | | | | | | |
| Target | 0.83 | 20.00 | 1.15 | 20.00 | 1.00 | 25.57 |
| Achievement | 0.43 | 17.86 | 0.90 | 20.00 | | |
| CWC | | | | | | |
| Target | 1.64 | 32.00 | 1.89 | 62.94 | 2.00 | 94.00 |
| Achievements | 1.66 | 51.43 | 1.89 | 65.50 | | |
| SWC | | | | | | |
| Target | 2.10 | 2.20 | 2.25 | 1.50 | 2.15 | 1.00 |
| Achievement | 1.97 | 0.50 | 2.25 | 1.50 | | |

**(v) National Storage Policy**

2.11 The Committee asked that whether a National Storage Policy is under consideration of the Ministry. The Ministry in their reply stated that in order to achieve food security, the Country must strive hard to reduce the enormous post harvest losses occurring in foodgrains both at farm and compound level. Upgradation and modernisation of the infrastructure for storing, handling and

transporting the foodgrains is the need of the poor. The Department is engaged in evolving a National Storage Policy to harness continued and sustained efforts and resources of the public and private sectors, both domestic and foreign, to build/ operate infrastructure for bulk grain handling, storage and transportation of foodgrains. Government is also considering to accord bulk storage and handling operation, the States of infrastructure and improve the legal frame work to create a more investment friendly environment in the sector. The policy will also envisage suitable incentive for development of appropriate storage structures for safe storage of foodgrains at farm level, where substantial quantity of the produce is retained for food feed and seed purposes.

2.12 In order to reduce storage and transit losses of foodgrains at farm and commercial level and to modernise the system of storage and transportation of foodgrains procured by the Food Corporation of India (FCI), the Department is engaged in formulating a National Storage Policy. The main thrust of the policy is to harness efforts and resources of public and private sectors, both domestic and foreign, to build and operate infrastructure for introduction of bulk handling, storage and transportation of foodgrains in the country.

1. The salient features of the policy are:

(i) Creation of integrated bulk handling facilities with silos of large capacities for wheat alongwith testing facilities for quality control at about 20 identified central locations in producing, consuming & a few port towns for storage of foodgrains procured by the FCI.

(ii) These facilities including the facilities for bulk transportation to these centers through specially designed top-filling-bottom-discharge wagons to be created and maintained in the private sector under the overall coordination of the FCI.

(iii) FCI to guarantee utilization of these facilities to the extent of 100% for the first ten years and 75% for the next ten years.

(iv) From these points, secondary transportation of foodgrains to be made in bag form to about 500 large godowns in important central locations in different States to be owned and maintained by the FCI.

(v) Further transportation to the consuming centres for retail distribution by State Governments to be carried out by the State Governments.

**2.13 The Committee are concerned about non availability/inadequate storage facility at most of the procurement points. The procured foodgrains is sent for storage to distant places by incurring heavy expenditure both on transportation and transit losses. The Committee, therefore, recommend that**

during the year 2000-2001, the Government should construct the godowns near procurement centres to avoid transit and storage losses.

2.14 Food Corporation of India (FCI) alongwith other agencies procure foodgrains under Minimum Support Price (MSP) scheme to maintain food security and to ensure remunerative price to the farmers. But it has come to the notice of the Committee that farmers are compelled for distress sale in absence of sufficient number of procurement centres. In order to overcome such a situation, the Committee recommend that sufficient number of procurement centres should be opened preferably near the production points and mandis. The Committee further recommend that MSP and Bonus should also be announced well in advance and Mass Publicity in this regard should be given to facilitate and enthuse the farmers and complaints of distress sale should be attended to on priority basis.

2.15 The Committee feel happy that the increased foodgrain production has resulted in the country achieving self-sufficiency in production of foodgrains. The increasig in demand for global market can be met by maintaining the tempo of increase in foodgain production and also by reducing avoidable losses during and after harvesting and in the transit, storage and distribution channels through which foodgrains pass before final destination. A grain saved is grain produced. The Committee, therefore, recommend that some concrete efforts should be made by using scientific modern technology so that foodgrain losses both quantitative and qualitative are minimised if not avoided. Utmost care should be taken to reduce cost on storage, handling, transportation by encouraging community storage.

The Committee are also concerned about the less utilisation of the storage capacity and very strongly recommend that storage capacity must be utilised fully.

2.16 The Committee are constrained to note that old stock of foodgrains is accumulated in the godowns of FCI due to non-movement/slow-movement of foodgrains which causes storage scarcity for the arrival of fresh crop of foodgrains. The Committee, therefore, recommend that some concrete efforts should be made to exhaust the old stocks well in time so that forthcoming Rabi procurement may not suffer on account of movement constraints.

## CHAPTER III

### (i) Targeted Public Distribution System-

3.1 A well targeted and properly functioning Public Distribution System(PDS) is an important constituent of the strategy for poverty eradication. Food and Nutrition Security are crucial in our fight against other dimensions of poverty like infant mortality, maternal mortality, low birth weights and all other forms of deprivation. Therefore, the importance of an effective Public Distribution System that ensures availability of food at affordable prices at household level for the poor can hardly be over emphasised. The Public Distribution System as it now stands has been widely criticised for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the States with the highest concentration of the rural poor and lack of transparent and accountable arrangements of delivery. Realising this the Government streamlined the Public Distribution System by issuing special cards to families Below Poverty Line (BPL) and selling foodgrains to them at specially subsidised prices, w.e.f. june, 1997.

Under Targeted Public Distribution System the State Govts. are required to formulate and implement foolproof arrangements for identification of the poor, for delivery of foodgrains to Fair Price Shops and for its distribution in a transparent and accountable manner at the Fair Price Shops.

3.2 The Committee asked about the methodology adopted to identify the Below Poverty Line population. The Ministry in their reply stated that the Public Distribution System (PDS) is implemented under the joint responsibility of Central and State Governments. Identification of Below Poverty Line (BPL) families and issue of special cards is being done by the State Governments. Detailed guidelines in this respect have already been issued to State Governments. State Governments have also been requested that all complaints received regarding non-inclusion of eligible BPL beneficiaries and inclusion of ineligible consumers in the list of BPL examined and corrective measures may be taken so that the eligible families are not deprived of the benefits of Targeted Public Distribution System within the BPL estimates of Planning Commission prescribed under the guidelines of the scheme. Further the State Governments have been requested to closely monitor PDS at Fair Price Shop level and make arrangements for distribution of PDS commodities in a transparent and accountable manner by involvement of Panchayati Raj Institutions (PRIs). Detailed guidelines for greater involvement of PRIs in the functioning of TPDS have been issued which include identification of BPL families, display of BPL beneficiaries at Fair Price Shops and Office of Gram Panchayats for public scrutiny. The Gram Panchayats have been made responsible for checking of Ration Cards occasionally for its genuineness.

3.3 During the course of evidence the Committee asked whether all the States have identified the persons living below the poverty line and the criteria laid down by the Government to identify the BPL families. In their reply the Ministry stated:

> "All the States except Delhi and Lakshadweep have identified the persons living below the poverty line (BPL). Percentage and number of population, State-wise, and the number reported to have been identified by the State Governments are as at Annexure.
>
> As per TPDS guidelines the States are required to formulate and implement foolproof arrangement for identification of the poor. The identification of poor BPL families under TPDS, is accordingly carried out by the States/UTs themselves."

The criteria adopted for identification of BPL families is based on the Expert Group on "Estimation of Proportion and Number of Poor" constituted by the Planning Commission under the Chairmanship of Late Prof. Lakdawala. The Planning Commission had been estimating the incidence of poverty on the basis of the recommendations of the Task Force on Protection of Minimum Needs and Effective Consumption Demand. According to this methodology the number and percentage of Below Poverty Line population for 1993-94 works out to 14.98 crores persons and 16.82% respectively. However, while accepting the definition of poverty used by the Task Force, the Expert Group set out an alternative methodology for estimation of poverty and provided estimates of poverty at national and State level from the quinquennial consumer expenditure survey of the National Sample Survey (NSS) using State specific poverty lines. As per the Expert Group methodology the number and percentage of Below Poverty Line population for 1993-94 works out to 32.03 crores and 35.97% which is much higher than the statistics arrived at by the Task Force. BPL Census conducted by the State Govts. at the behest of Ministry of Rural Areas and Employment for various self employment programmes like, IRDP, TRYSEM, DWCRA and SITRA are on the higher side. Allocation of funds is not done on the basis of BPL Census for various poverty alleviation programmes. Estimates as per the methodology of the Expert Group, constituted by the Planning Commission is scientific and has adopted a uniform approach. In contrast the States do not follow a uniform approach in the DRDA household survey which has an upward bias. The Government has adopted the Expert Group methodology for estimating poverty groups under TPDS as they are closest to the ground reality.

In the guidelines for the implementation of TPDS the States/UTs have been requested as follows:

(a) The thrust should be to include only the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tappers, weavers, blacksmiths, carpenters, etc. in the rural areas and slum dwellers, persons earning their livelihood on a daily basis in the informal sector like porters, rickshaw pullers and handcart pullers, fruit and flower sellers on the payments, etc in urban areas. The categories so listed are only by way of illustration and is in no way an exhaustive list of those who could be brought within ambit of BPL population.

(b) The quinquennial BPL census made at the behest of the Ministry of Rural Areas and Employment for implementation of IRDP can be a basis and the guidelines issued by that Ministry for BPL survey may be adopted. However, the overall number of BPL families identified should be limited to the estimates of Planning Commission based on the Expert Group methodology.

(c) Gram Panchayats and Gram Sabhas should be involved in the initial identification of eligible families below poverty line.

*ANNEXURE*

**(ii) Status of implementation of TPDS identification/issue of Special Cards**

| Sl. No. | States | BPL %age | Total No. of BPL families (lakhs) | No. of BPL families identified (lakhs) | Issue of Spl. Card stamping of old cards | Report as on |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | Andhra Pradesh | 25.68 | 37.78 | 113.25 To be limited to 37.78 and balance to be financed from State resources | White card for BPL Pink card for APL. | 1.10.97 |
| 2. | Arunachal Pradesh | 40.86 | 0.77 | 0.89 | Special Ration cards issued to BPL. | 29.5.98 |
| 3. | Assam | 40.86 | 19.06 | 18.72 | New Red colour cards issued. | 12.1.99 |
| 4. | Bihar | 54.96 | 85.90 | 84.26 identified | Red cards issued. Endorsement on existing cards. | 21.5.97 |
| 5. | Goa | 14.92 | 0.38 | 0.07 | Cards issued. | |
| 6. | Gujarat | 24.21 | 19.95 | 33.83 | White cards issued to BPL. Red cards for APL. | 5.2.2000. |
| 7. | Haryana | 25.05 | 7.33 | 5.52 | Endorsement on existing cards made. New card with family photographs being issued. Yellow cards issued to BPL. | 31.1.2000 |
| 8. | Himachal Pradesh | 40.86 | 4.26 | 2.86 | Endorsement on existing cards made. | 30.7.99 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| 9. | J & K | 40.86 | 6.17 | 4.96 Identified | Endorsement on existing cards. | 19.2.99 |
| 10. | Karnataka | 33.16 | 28.75 | 65.00 Balance to be financed by State. | Green cards issued. | 30.4.99 |
| 11. | Kerala | 25.43 | 15.35 | 20.59 | Endorsement on existing cards made. | 30.4.98 |
| 12. | Madhya Pradesh | 42.52 | 53.34 | 60.30 | Blue cards with photo issued. | 1.4.98 |
| 13. | Maharashtra | 36.86 | 60.45 | 77.00 | Endorsement on existing cards. | 2.3.2000 |
| 14. | Manipur | 40.86 | 1.30 | 1.29 | New ration cards issued. | Feb. 99 |
| 15. | Meghalaya | 40.86 | 1.44 | 1.33 Work in progress. | New ration cards issued. | 31.10.97 |
| 16. | Mizoram | 40.86 | 0.53 | Work in progress. | New cards are being made available. | 29.5.98 |
| 17. | Nagaland | 40.86 | 0.95 | 0.96 | New cards with special stamp issued. | 1.12.97 |
| 18. | Orissa | 48.56 | 31.82 | 42.85 | Endorsement on existing cards made. | 1.4.98 |
| 19. | Punjab | 11.77 | 4.30 | 4.89 | N.A. | 1.4.98 |
| 20. | Rajasthan | 27.41 | 21.66 | 21.14 | Endorsement on existing cards made. | 1.4.98 |
| 21. | Sikkim | 41.43 | 0.34 | 0.48 | Red card for BPL. Yellow card for APL. | 4.4.97 |
| 22. | Tamil Nadu | 35.03 | 45.79 | 64.88 | Special Red Cards for BPL. | 2.3.2000 |
| 23. | Tripura | 40.86 | 2.31 | 2.31 All identified. | Endorsement on existing cards. | 1.4.98 |
| 24. | Uttar Pradesh | 40.85 | 95.48 | 95.48 All identified. | Special cards issued to BPL. | 1.7.98 |
| 25. | West Bengal | 35.66 | 46.59 | 47.87 | Endorsement on existing cards. | 31.7.97 |
| 26. | A & N Islands | 34.47 | 0.22 | 0.17 All identified. | Issue of new cards in progress. | 23.5.97 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| 27. | Chandigarh | 11.35 | 0.18 | 0.01 | Endorsement on existing cards. | 31.12.97 |
| 28. | D & N Haveli | 50.84 | 0.14 | 0.16 | Endorsement on existing cards. | 31.1.2000 |
| 29. | Daman & Diu | 15.80 | 0.03 | 0.04 | Endorsement on existing cards. | 25.6.97 |
| 30. | Delhi | | TPDS NOT LAUNCHED | | | |
| 31. | Lakshadweep | | TPDS NOT LAUNCHED | | | |
| 32. | Pondicherry | 37.40 | 0.65 | 0.90 | Endorsement on existing cards with red seal. | 31.1.2000 |

3.4 The Committee asked the Ministry about the consideration to gradually exclude the persons Above Poverty Line (APL), Creamy Layer and higher income groups including income tax payees from the subsidised foodgrains distributed through Targeted Public Distribution System. The Ministry in their reply stated that:—

"Before introduction on TPDS, PDS was widely criticised for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the State with the highest concentration of rural poor and lack of transparent and accountable arrangements for delivery. The working group of Planning Commission on policy aspects of public distribution system for the formulation of 9th Five Year Plan recommended that the time is ripe to introduce a very strong pro-poor bias in the PDS and at the same time try to contain food subsidy to levels that can be sustained by the economy and the Govt. Wide-ranging discussions with people's representatives of States were held. A Committee of State Ministers of Food & CS constituted by Central Advisory Council on PDS suggested that income tax payers, professionals, persons drawing salaries above a certain level, sales tax assesses, households having operational land holding beyond a certain level etc. could be excluded from access to PDS foodgrains. But the exclusion of non-poor from the purview of PDS could not be implemented, as a consensus could not be evolved on this aspect. Chief Ministers' conference on Basic Minimum Services held during 4-5 July in 1996 in New Delhi, while welcoming the proposal to streamline the PDS with focus on BPL felt that APL population should also be ensured of essential commodities at reasonable prices under PDS. Realising the wide criticism of PDS and keeping in view the sentiments expressed by the peoples' representatives of States/UTs, Government streamlined PDS with its focus on poor and needy population by introducing TPDS.

Under TPDS besides highly subsidized BPL allocations, transitory allocations of foodgrains at subsidized rates though higher than BPL rates are issued for APL population. A consensus is evolving that non poor do not need food subsidy. However, supplies of foodgrains have to be ensured, to them specially in food deficit States. For greater targetisation of food subsidies to BPL population as per announcements made by the Finance Minister in the Budget presented for the year 2000-2001, allocations to APL population are being maintained at the present level under TPDS subject to availability of foodgrains in the Central Pool at the economic cost."

3.5 The Committee asked the Ministry about the steps taken by the Government for maintaining transparency in TPDS in which huge amount of food subsidy is involved. In their reply the Ministry said that:

"With a view to make the functioning of TPDS more responsive and accountable with greater measure of transparency, the Government has prepared a model Citizens' Charter and circulated to all State Governments/ UT Administrations for its adoption. The model Citizens' Charter contain *inter-alia* basic information of interest to the consumers and a model procedure and time schedule for the services. The Charter contains essential information *viz.*, entitlement of BPL families, fair average quality of foodgrains, information regarding fair price shops (FPSs), procedure of issue of ration cards, inspection and checking, right to information and vigilance and public participation."

In addition, this Department has also issued detailed guidelines in June, 1999 for greater involvement of Panchayati Raj Institutions (PRIs) in the functioning of TPDS and to bring in a more transparent and accountable system of distribution as a measure of social audit. This included:

— Consumers right to information regarding Fair Price Shops (FPS) entitlement,

— Price, number of cards attached to shop etc.

— Display of stock position at FPS.

— List of BPL beneficiaries to be displayed at FPS and office of Gram Panchayat for public scrutiny.

— Formation of FPS Committee by Gram Panchayat for inspecting the FPS records and to keep a watch on functioning of FPS, FPS committee's report to be placed before larger body i.e. Gram Sabha for onward transmission to State Government for taking necessary action.

— Responsibility of the Gram Panchayats in checking of ration cards occasionally for its genuineness and correct entries of units in them.

— Redressal of grievances.

The action taken by State Govts. mainly relate to formation of vigilance committees, strict vigilance on the activities of FPS, regular inspection of fair price shops, elimination of bogus ration cards, display of the boards indicating stock and entitlement availability in FPS.

Implementation of PDS is the joint responsibility of the Central and State Governments. The Minister of Consumer Affairs and Public Distribution has addressed a letter to all Chief Ministers requesting them to actively involve the Panchayati Raj Institutions in PDS and for a better computerised monitoring mechanism to ensure that the benefit of the PDS reaches the poor.

3.6 The Committee was concerned about the diversion of subsidised foodgrains meant for the Below Poverty Line (BPL) population and asked the Ministry whether any steps have been initiated in this regard. The Ministry in their reply stated that:—

"The Tata Economic Consultancy Services (TECS) was engaged in the year 1997 for a study to assess the extent of diversion of foodgrains, sugar and edible oils from PDS. At the national level, the diversion is estimated at 36% in case of wheat and 31% in case of rice. The percentage of diversion with reference to different target groups (BPL & APL) for whom there are different Central Issue Prices (CIPs) is not available from the study which was conducted around the time TPDS was introduced. To curb this diversion, State Govts. have been requested to closely monitor PDS at the fair price shop as well as other levels and to make arrangements for distribution of PDS commodities in a transparent and accountable manner by involvement of Panchayati Raj Institutions (PRI) in implementation of PDS in the country. They have also been asked to eliminate bogus ration cards and advised to initiate action against erring FPS owners under Essential Commodities Act, 1955. A model Citizen's Charter for PDS has also been drawn up and circulated to States/UTs for adoption in order to bring in greater transparency and accountability in the system. Government of India has also appointed area officers for all States/UTs to monitor the functioning of PDS including complaints of diversion."

3.7 The Committee during the evidence reflected their unhappiness over the issue of inferior quality of foodgrains including sugar distributed under Public Distribution System (PDS). The Ministry in their reply stated that :—

Only good quality foodgrains conforming to PFA standards and free from insect infestation are supplied to States/UTs for distribution under PDS.

Foodgrains strictly conforming to prescribed quality specifications are procured by FCI and State agencies for distribution under PDS. So far as sugar is concerned, the sugar factories are require to produce the same conforming to the Indian Sugar Standard Grades. Further, as per the Sugar (Packing & Marking) Order 1970, they are also required to mark grade on even bag of sugar and the quality as marked is to be maintained till it is delivered to the buyer. The levy sugar supplied through the PDS also conforms to the Indian Sugar Standard. The distribution of sugar within the States/UTs is the sole responsibility of the concerned State Govts/UTs.

3.8 The entire thrust of the Targeted Public Distribution System (TPDS) is to focus the system sharply on poor, ensuring availability of minimum quality of foodgrains at specially subsidised prices to the population Below Poverty Line (BPL). The Committee asked the Ministry whether any decision to double the quantity of foodgrains under Public Distribution System (PDS) to BPL population has been taken and the reasons for the proposal to substantially increase the prices of foodgrains meant for them.

The Ministry in their reply stated that:—

"As per the recent announcement made in the budget presented in the Parliament for the year 2000-2001 by the Finance Minister, allocation of foodgrains for BPL population has been doubled from the present level of 10 Kg. per family per month to 20 Kg. Although the prices of foodgrains allotted to BPL families has been increased, the same shall have no adverse effect on the interests of BPL population. On the contrary they have been benefited as the increase in allotted quantity is 100% but the increase in prices is only 68%."

3.9 During the course of evidence the Committee asked that whether the main objective of the TPDS programme which is to cater to the needs of the poor people has been met. The Ministry in their reply stated that:-

"A statement showing the state-wise number of above poverty line (APL) households, total monthly allocation for APL families, including additional allocation of foodgrains at APL rates, monthly availability of foodgrains per APL household and monthly foodgrains subsidy per APL household is attached (Appendix)."

The allocation for APL families for each State/UT was fixed on the basis of average annual lifting of foodgrains during past ten years at the time of introduction of Targeted Public Distribution System (TPDS) in June, 97. Additional allocations of foodgrains, over and above the normal allocations under TPDS, are also made keeping in view the availability of foodgrains in the Central Pool,

relative demands and subsidy contraints. The lifting is generally less in the case of surplus States where the availability of foodgrains from indigenous production remains comfortable. Secondly, the demand for additional allocations of rice and wheat are mostly made by the deficit States resulting in higher outgo of subsidy to such States.

The outgo of monthly foodgrains subsidy for APL families varies with the quantum of foodgrains allotted to each State under APL & Addl. categories at APL rates.

*APPENDIX*

**Statement showing statewise APL Household and Monthly APL & ADDL Foodgrains allocation, Per Households Foodgrains availability and Per Household subsidy implication in each state**

| | Rice | Wheat |
|---|---|---|
| APL Consumer Subsidy (Rs. per Quintal) | 106.88 | 99.08 |

| Sl. No. | STATES/UTs | APL Households (1995 level) (in lakhs) | Total Monthly (APL+ADDL) Foodgrains Alloc. (in '000Tonnes) | Monthly Foodgrains Availability per APL Household (in Kg). | Monthly Foodgrains Subsidy Per APL Household (in Rs.) |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | Andhra Pradesh | 109.35 | 166.92 | 15.26 | 16.22 |
| 2. | Arunachal Pradesh | 1.12 | 8.93 | 79.73 | 84.85 |
| 3. | Assam | 27.58 | 51.24 | 18.58 | 19.57 |
| 4. | Bihar | 70.40 | 19.80 | 2.81 | 2.87 |
| 5. | Delhi | 17.22 | 73.29 | 42.56 | 42.75 |
| 6. | Goa | 2.14 | 8.76 | 40.93 | 42.77 |
| 7. | Gujarat | 62.46 | 67.50 | 10.81 | 10.93 |
| 8. | Haryana | 21.93 | 5.72 | 2.61 | 2.58 |
| 9. | Himachal Pradesh | 6.16 | 19.84 | 32.21 | 33.46 |
| 10. | Jammu & Kashmir | 8.92 | 56.41 | 63.24 | 65.06 |
| 11. | Karnataka | 57.95 | 81.25 | 14.02 | 14.59 |
| 12. | Kerala | 45.02 | 167.69 | 37.25 | 39.16 |
| 13. | Madhya Pradesh | 72.10 | 23.00 | 3.19 | 3.27 |
| 14. | Maharashtra | 103.55 | 103.76 | 10.02 | 10.25 |
| 15. | Manipur | 1.89 | 10.41 | 55.08 | 58.16 |

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| 16. | Meghalaya | 2.08 | 16.87 | 81.10 | 86.30 |
| 17. | Mizoram | 0.77 | 10.90 | 141.60 | 150.32 |
| 18. | Nagaland | 1.38 | 11.17 | 80.94 | 85.64 |
| 19. | Orissa | 33.70 | 58.72 | 17.42 | 17.93 |
| 20. | Punjab | 32.27 | 1.79 | 0.55 | 0.56 |
| 21. | Rajasthan | 57.38 | 33.46 | 5.83 | 5.79 |
| 22. | Sikkim | 0.48 | 7.07 | 147.29 | 157.26 |
| 23. | Tamil Nadu | 84.93 | 93.44 | 11.00 | 11.48 |
| 24. | Tripura | 3.35 | 15.17 | 45.28 | 48.10 |
| 25. | Uttar Pradesh | 138.26 | 88.37 | 6.39 | 6.48 |
| 26. | West Bengal | 84.07 | 85.43 | 10.16 | 10.26 |
| 27. | A & N Islands | 0.42 | 3.03 | 72.14 | 75.84 |
| 28. | Chandigarh | 1.40 | 1.92 | 13.71 | 13.74 |
| 29. | D & N Haveli | 0.14 | 0.65 | 46.43 | 48.40 |
| 30. | Daman & Diu | 0.16 | 0.77 | 48.13 | 50.51 |
| 31. | Lakshadweep | 0.07 | 0.55 | 78.10 | 83.00 |
| 32. | Pondicherry | 1.10 | 2.10 | 19.09 | 19.87 |
| | Total | 1049.75 | 1295.93 | 12.35 | 12.78 |

3.10 The Committee was concerned about the changes in the structure of the Targetted Public Distribution System and asked the Ministry to analyse its impact on the household budget of the poor families. The Ministry in their reply stated that :-

> "The 33 crore people living below poverty line (BPL) constitute the section of the society, which is nutritionally at risk. The need to provide a minimum quantity of foodgrains first to them is well recognized. TPDS entitles each BPL families to 10 Kg. of foodgrains per month at specially subsidized prices. The proportion of food subsidy for BPL families is about 51% of the total food (consumer) subsidy, non poor have been also cornering about 49% of the consumer subsidy. Introduction of TPDS with minimum assured foodgrains at highly subsidized prices to BPL was a step towards achieving the important socio economic objective of food security amongst poor. As

against the offtake percentage of about 76% during 1996-97 (pre TPDS) , under PDS the offtake percentage for BPL was 84% in 1998-99 and 82.61% in 1999-2000 (upto January, 2000)."

Statement showing State-wise percentage of BPL and percentage of subsidy given to BPL and APL during 1998-99 is at Annexure. In terms of subsidy benefit to the poor, there has been improvement in TPDS as compared to PDS. In the present pattern of allotment and lifting of foodgrains under BPL and APL categories the estimated consumer subsidy for these categories at macro level has been as under :—

| Year | Lifting (in 000' tonnes) | | Estimated consumer subsidy (in crores rupees) | |
|---|---|---|---|---|
| | BPL | APL + Addl. | BPL | APL + Addl. |
| 1997-98 (June 97-March-98 | 4400.50 | 8751.58 | 2521.08 | 2494.46 |
| 1998-99 | 5970.69 | 12473.75 | 3573.82 | 3478.86 |
| 1999-2000* | 4956.689 | 8340.380 | 3654.50 | 2009.31 |

* Upto January, 2000 at current rate of economic cost.

With the recent decision of Govt. of India to increase BPL allocation of foodgrains from 10 Kg. to 20 Kg. per family per month and to issue APL allocation at economic cost of foodgrains, the entire consumer subsidy is being tatgeted to BPL families only.

*ANNEXURE*

*Statement showing percentage of population Below Poverty Line (BPL) and percentage of subsidy going to APL and BPL to each state during 1998-99*

| | | Rice | Wheat |
|---|---|---|---|
| Consumer Subisdy Per Quintal | BPL | 630.36 | 557.95 |
| (Eco.cost-weighted CIP for 1998-99) | APL | 246.19 | 324.62 |

Figures in '000 Tonnes

| Sl. No. | STATES/UTs | % of BPL population | Subsidy Based on lifting BPL APL + ADDL Rupees in crores | | Total Subsidy | % OF Subsidy to BPL | % OF Subsidy to APL |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Andhra Pradesh | 25.68 | 268.2 | 456.45 | 724.65 | 37.01 | 62.99 |
| 2. | Arunachal Pradesh | 40.86 | 5.97 | 22.72 | 28.69 | 20.81 | 79.19 |
| 3. | Assam | 40.86 | 134.54 | 184.47 | 319.01 | 42.17 | 57.83 |
| 4. | Bihar | 54.96 | 467.76 | 45.72 | 513.48 | 91.10 | 8.90 |
| 5. | Delhi | 14.69 | 0 | 209.58 | 209.58 | 0.00 | 100.00 |
| 6. | Goa | 14.90 | 0.4 | 24.71 | 25.11 | 1.59 | 98.41 |
| 7. | Gujrat | 24.21 | 141.08 | 132.67 | 264.75 | 53.29 | 46.71 |
| 8. | Haryana | 25.05 | 24.99 | 9.92 | 34.91 | 71.58 | 28.42 |
| 9. | Himachal Pradesh | 40.86 | 15.93 | 55.17 | 71.1 | 22.41 | 77.59 |
| 10. | Jammu & Kashmir | 40.86 | 45.46 | 103.57 | 149.03 | 30.50 | 69.50 |
| 11. | Karnataka | 33.16 | 212.18 | 219.23 | 431.41 | 49.18 | 50.82 |
| 12. | Kerala | 25.43 | 140.73 | 485.88 | 626.61 | 22.46 | 77.54 |
| 13. | Madhya Pradesh | 42.52 | 261.68 | 53.72 | 315.4 | 82.97 | 17.03 |
| 14. | Maharashtra | 36.86 | 365.84 | 334.08 | 699.92 | 52.27 | 47.73 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| 15. | Manipur | 40.86 | 9.46 | 16.94 | 26.4 | 35.83 | 64.17 |
| 16. | Meghalaya | 40.86 | 9 | 50.98 | 59.98 | 15.01 | 84.99 |
| 17. | Mizoram | 40.86 | 4.18 | 36.33 | 40.51 | 10.32 | 89.68 |
| 18. | Nagaland | 40.86 | 6.64 | 37.66 | 44.3 | 14.99 | 85.01 |
| 19. | Orissa | 48.56 | 242.43 | 177.52 | 419.95 | 57.73 | 42.27 |
| 20. | Punjab | 11.77 | 5.14 | 0 | 5.14 | 100.00 | 0.00 |
| 21. | Rajasthan | 27.41 | 79.42 | 101.11 | 180.53 | 43.99 | 56.01 |
| 22. | Sikkim | 41.43 | 2.14 | 17.44 | 19.58 | 10.93 | 89.07 |
| 23. | Tamil Nadu | 35.03 | 302.07 | 271.87 | 573.94 | 52.63 | 47.37 |
| 24. | Tripura | 40.86 | 16.62 | 44.24 | 60.86 | 27.31 | 72.69 |
| 25. | Uttar Pradesh | 40.85 | 621.38 | 117.68 | 739.06 | 84.08 | 15.92 |
| 26. | West Bengal | 35.66 | 189.43 | 273.41 | 462.84 | 40.93 | 59.07 |
| 27. | A & N Islands | 34.47 | 0 | 0.01 | 0.01 | 0.00 | 100.00 |
| 28. | Chandigarh | 11.35 | 0.02 | 1.92 | 1.94 | 1.03 | 98.97 |
| 29. | D & N Haveli | 50.84 | 0.98 | 1.17 | 2.15 | 45.58 | 54.42 |
| 30. | Daman & Diu | 15.80 | 0.16 | 0.52 | 0.68 | 23.53 | 76.47 |
| 31. | Lakshadweep | 25.04 | 0 | 0.73 | 0.73 | 0.00 | 100.00 |
| 32. | Pondicherry | 37.40 | 0 | 0.45 | 0.45 | 0.00 | 100.00 |
| | Total | | 3573.82 | 3478.86 | 7052.68 | 50.67 | 49.33 |

3.11 The families below poverty line (BPL) are given foodgrains @ 10 kg per family per month at specially subsidised rates under the Targeted Public Distribution System (TPDS) commenced in June, 1997. It has been decided to enhance the entitlement of foodgrains of BPL families from 10 kg to 20 kg per family per month from 1st April, 2000 as announced by the Finance Minister in the Budget for the year 2000. Although there has been a simultaneous decision to enhance the central issue prices (CIP) of rice and wheat for BPL families to 50% of

the economic cost, the increased allocation will result into savings in the household budgets of the poor families.

Assuming an average household size of 5.5 persons, a household consumption of foodgrains at the rate of 12 kg of foodgrains per person per month comes to about 65 kg per month. The revised retail issue price of rice and wheat for BPL families would be Rs. 4.70 per kg and Rs. 6.40 per kg inclusive of transportation charges of 50 paise per kg. On these parameters the savings in the household budget of poor families would be as follows:—

**Wheat**

(a) **At 10 kg per family per month:—**

| | |
|---|---|
| Cost of 10 kg @ Rs. 4.70 per kg. | Rs. 47.00 |
| Cost of 55 kg @ assumed market price of Rs. 10.50 per kg. | Rs. 577.50 |
| Total | Rs. 624.50 |

(b) **At 20 kg per family per month :—**

| | |
|---|---|
| Cost of 20 kg @ Rs. 4.70 per kg | Rs.94.00 |
| Cost of 45 kg @ assumed market price of Rs. 10.50 per kg | Rs. 472.50 |
| Total | Rs. 566.50 |

**Savings per month** (Rs. 624.50 minus Rs. 566.50) **Rs. 58.00**

**Rice**

(a) **At 10kg per family per month:—**

| | |
|---|---|
| Cost of 10 kg @ Rs. 6.40 per kg | Rs. 64.00 |
| Cost of 55 kg @ assumed market price of Rs. 12.50 per kg | Rs. 687.50 |
| Total | Rs. 751.50 |

(b) **At 20 kg per family per month:—**

| | |
|---|---|
| Cost of 20 kg @ Rs. 6.40 per kg | Rs. 128.00 |
| Cost of 45 kg @ assumed market price of Rs. 12.50 per kg | Rs. 562.50 |
| Total | Rs. 690.50 |

**Saving per month** (Rs. 751.50 minus Rs. 690.50) Rs. 61.00

3.12 During the course of evidence, the Committee asked about the identification of bogus ration cards and action taken against the bogus card holders, the Ministry in reply stated that:—

"PDS is operated under the joint responsibility of the Central and the State Governments. The Central Government has taken the responsibility for procurement, storage, transportation and bulk allocation generally at subsidised prices of certain essential items, *viz.*, rice, wheat, sugar, imported edible oil and kerosene. The responsibility of distribution to the consumers through the network of FPSs rests with the State Governments. The operational responsibilities including allocation within the State identification of families below poverty line, issue of ration cards, weeding out of bogus ration cards, supervision and monitoring of the functioning of FPSs rest with the State Governments.

State Governments/UTs have been requested to furnish the monthly information giving details of ration cards issued and cancelled during the month for the State as a whole. The ration cards cancelled by the States also include bogus ration cards. The Ministry does not have record on the bogus ration cards district wise."

As per the information available with the Ministry the following State Governments/UTs have been weeded out bogus ration cards:

| Sl.No | States | No. of Bogus Ration Cards | Reported as on |
|---|---|---|---|
| 1. | Andhra Pradesh | 1917330 | 16.7.98 |
| 2. | Goa | 54 | 17.10.97 |
| 3. | Karnataka | 927120 | 16.10.97 |
| 4. | Himachal Pradesh | 25712<br>896 | 7.10.98<br>19.7.99 |
| 5. | Haryana | 5282 | 28.7.98 |
| 6. | Maharashtra | 333456 | 13.7.98 |
| 7. | Chandigarh | 11850 | 15.9.98 |
| 8. | Tamil Nadu | 300000 | 25.8.98 |
| 9. | A & N Islands | 8460 | 29.7.98 |
| 10. | Pondicherry | 17 | 2.9.99 |

Opening of FPS and issue of licences to them is the responsibility of the State Governments. Although the State Governments have been requested to take appropriate action against erring fair price shop owners as per Section 3 of Essential Commodities, Act 1995, no information has been received regarding action taken against such Fair Price Shop owners from the State Governments.

State Governments have been asked to implement the PDS in a transparent and accountable manner by involving PRIs in functioning of FPS and in elimination of bogus ration cards. Administrative to weed out bogus ration cards and legal steps if necessary as deterrent have to be taken by the State Governments. No information on in State wise/District wise basis regarding punishments imposed on bogus card holders is available with Ministry.

3.12 A When asked about the monitoring the Ministry in their reply stated that :

> "In order to minimise diversion and to ensure that only the genuine consumers are benefited under PDS, detailed guidelines have been issued to State Governments. To further this objective, Model Citizens' Charter for adoption by State Governments has been sent to State Governments for greater measure of transparency, responsiveness and accountability in the functioning of PDS. For strengthening of PDS, Government has requested the State Government to involve the Panchayati Raj Institution at the grass root level for more transparent and accountable PDS system as measure of social audit."

3.13 The Committee asked about the progress achieved in regard to the consideration to gradually exclude the persons above poverty line, creamy layer and higher income groups including income tax payees from the subsidised foodgrains distributed through TPDS. The Minisury in their reply stated that :

> "Before introduction of TPDS, PDS was widely criticised for its failure to serve population below the poverty line, its urban bias, negligible coverage in the State with the highest concentration of rural poor and lack of transparent and accountable arrangements for delivery. The working group of Planning Commission on Policy aspects of public distribution system for the formulation of 9th Five Year Plan recommended that time is ripe to introduce a very strong pro-poor bias in the PDS and at the same time to contain food subsidy to levels that can be sustained by the economy and the Govt. Wide-ranging discussions with people's representatives of States were held. A committee of State Ministers of Food & CS constituted by Central Advisory Council on PDS suggested that income tax payers, professionals, persons drawing salaries above a certain level, sales tax assesses, households

having operational land holding beyond a certain level etc. could be excluded from access to PDS foodgrains. But the exclusion of non poor from the purview of PDS could not be implemented, as a consensus could not be evolved on this aspect. Chief Ministers' conference on Basic Minimum Services held during 4-5 July in 1996 in New Delhi, while welcoming the proposal to streamline the PDS with focus on BPL felt that APL population should also be ensured of essential commodities at reasonable prices under PDS. Realising the wide criticism of PDS and keeping in view the sentiments expressed by the peoples' representatives of States/UTs, Government streamlined PDS with its focus on poor and needy population by introducing TPDS.

Under TPDS besides highly subsidized BPL allocations, transitory allocations of foodgrains at subsidized rates though higher than BPL rates are issued for APL population. A consensus is evolving that non poor do not need food subsidy. However, supplies of foodgrains have to be ensured to them specially in food deficit States. For greater targetisation of food subsidies to BPL population as per announcements made by the Finance Minister in the Budget presented for the year 2000-2001, allocations to APL popoulation are being maintained at the present level under TPDS subject to availability of foodgrains in the Central Pool at the economic cost."

**(iii) Role of Department of Public Distribution for various Welfare Schemes**

3.14 The Welfare Schemes are not part of Public Distribution System (PDS). At the time of introduction of TPDS from June, 97, the Govt. decided that the subsidy provided for in the budget of D/o Public Distribution should be confined mainly to TPDS. Persuant to this decision, the Ministry of Finance, D/o Expenditure decided that foodgrains should be issued by FCI from central pool for the Welfare Schemes at economic cost from 1997-98 financial year. The subsidy, if any, involved in supply of foodgrains to States/UTs for the Welfare schemes is to be absorbed in the budget of the respective nodal ministry/department. The allocation of funds under various welfare schemes to the States/Union Territories is made by the respective nodal central ministries/departments. The role of D/o Public Distribution is limited to allocation of foodgrains from the central pool, as required under various welfare schemes. The Scheme-wise position of allocation and lifting of foodgrains is as under :

*(i) WHEAT BASED NUTRITION PROGRAMME (NP)*

Ministry of Human Resource Development is the administrative Ministry for this scheme. As in 1997-98 and 1998-99, a quantity of 1.50 lakh tonnes of wheat was allotted to the Department of Women and Child Development, Ministry

of Human Resource Development at economic cost for 1999-2000. The off take of wheat has been as under :

(In tonnes)

| Year | 1997-98 | 1998-99 | 1999-2000 |
|---|---|---|---|
| Offtake | 53,000 | 25,000 | 19,000 (upto January, 2000) |

*(ii) SUPPLY OF FOODGRAINS TO SC/ST/OBC HOSTELS*

Ministry of Social Justice and Empowerment is the nodal Ministry for this scheme. Foodgrains are issued under the scheme to SC/ST/OBC Hostels having 2/3rd inmates belonging to these categories, @ 15 kg per resident per month. The foodgrains can be drawn as rice or wheat depending upon the local preference. Since 1997-98 foodgrains are issued by FCI at economic cost. The annual requirement of foodgrains was estimated by the Ministry of Social Justice and Empowerment at 2.45 lakh tonnes. Lifting during 1997-98 was only 23,000 tonnes of rice and 1000 tonnes of wheat. There has been no lifting during 1998-99 and 1999-2000 so far.

(iii) MID-DAY MEAL SCHEME

This scheme is implemented by Ministry of Human Resource Development (Deptt. of Elementary Education and Literacy) since 15.8.95. The States/UTs get supply of free rice and wheat under the Scheme. FCI, however gets reimbursement of the economic cost of foodgrains supplied to States/UTs for this scheme from the Ministry of HRD. A quantity of 31.61 lakh tonnes of foodgrains (20.15 lakh tonnes of rice and 11.46 lakh toones of wheat) has been allotted under the Scheme during 1999-2000 by Ministry of Human Resource Development. A quantity of 9.33 lakh tonnes of rice and 3.85 lakh tonnes of wheat was lifted during 1998-99. Lifting has been 5.90 lakh tonnes of rice and 3.25 lakh tonnes of wheat during 1999-2000 upto January, 2000.

The Scheme was announced in the Budget Speech (1999-2000) by the Hon'ble Finance Minister on 27.2.99. Under this newly announced scheme, 10 kg. of foodgrains per person per month free of cost will be provided to indigent senior citizens who are eligible for old age pension but are not presently receiving the pension and whose children are not residing in the same village. In the proposed Scheme "Annapurna" Gram Panchayats would be required to identify and display a list of such persons (Indigent Senior Citizens) after giving wide publicity.

Ministry of Rural Development are implementing the Scheme called "National Social Assistance Programme" comprising *inter-alia* the National Old Age Pension Scheme (NOAPS). That Ministry is also concerned with the

administration of Panchayati Raj Institutions/Gram Panchayats. Accordingly, the Ministry of Rural Development is the nodal Ministry and will draw up the Scheme for which the required quantity of foodgrains will be provided by this Department.

Allotment of the foodgrains will be made for the scheme by the Department of Public Distribution at economic cost to the Ministry of Rural Development. The subsidy involved, if any, will be borne by the Ministry of Rural Development. The annual requirement of foodgrains under the scheme has been estimated at 1.66 lakh tonnes.

The scheme has been approved by the Cabinet in the meeting held on 22nd February 2000. Detailed guidelines regarding implementation of the scheme including operational details are being finalized by the Ministry of Rural Development.

The Committee asked about the reasons for change in policy of Jawahar Rojgar Yojana (JRY)/Employment Assurance Schemes and the Ministry in their reply stated that :—

The Ministry of Rural Development is the nodal Ministry at the Central level for implementation of Jawahar Rojgar Yojana (JRY)/Employment Assurance Scheme (EAS). JRY has since been restructured as Jawahar Gram Samridhi Yojana (JGSY) from April, 1999.

The Cabinet in its meeting held on 27.12.1996 approved *inter alia* that the subsidy provided in the budget as food subsidy should be utilised generally only for consumer subsidy under PDS and for maintenance of the buffer stock as per norms fixed. However, approval was also accorded that, as a second step, the specially subsidised foodgrains may be issued to all beneficiaries under the EAS/ JRY at the rate of 1 kg. per man-day on the basis of guidelines in that regard at the option of beneficiaries or the State Government at that time.

The Ministry of Finance decided with the approval of the Minister of Finance that from 1997-98 financial year, foodgrains from the central pool will be supplied at the economic cost in respect of all Schemes except the Targeted Public Distribution System (TPDS); and the subsidy under each Scheme will be borne by respective nodal Ministries/Departments. The allocation of foodgrains for JRY/ EAS was accordingly made at economic cost for 1997-98 and onwards. The Ministry of Rural Development (formerly Ministry of Rural Areas and Employment) were requested to take action immediately in July, 1997. Ministry of Rural Development (formerly Ministry of Rural Areas and Employment) was advised on 8.9.1997, that the State Governments/agencies be informed of the decision. They were also requested to effect necessary changes in the Scheme on foodgrains distribution under JRY.

The restructured Scheme of JGSY has no provision for distribution of wages as foodgrains. The EAS also has no provision for distribution of wages as foodgrains. Consequently, there is no allocation and/or supply of foodgrains from central pool for these Scheme from 1999-2000.

**3.15 The Government has taken a decision to increase BPL allocation of foodgrains from 10 kg. to 20 kg. per family per month. Whereas the TPDS prices for BPL population by taking Economic Price as yardstick has increased almost more than 60%. The committee feel that while taking this decision Government have increased the hardships of BPL beneficiaries in the name of giving them highly subsidised ration through TPDS. Though this measure, the Government presumes to save Rs. 3000 crore in food subsidies, the remaining Rs. 5000 crore worth of subsidy will be targeted to the BPL. Going by the economic price criteria, BPL segments will now have to pay Rs. 4.50 + 0.50 = 5.00 per kg. for wheat against Rs. 2.50 per kg. and Rs. 5.90 + 0.50 = 6.40 per Kg. for rice against Rs. 3.50 per kg. Calculations show that by hiking the TPDS prices for the BPL, the Government has actually reduced subsidy for the BPL from 65% to 50%, causing further hardships to the poor. The purpose of increasing ration from 10 kg. to 20 kg. for BPL has been badly defeated due to the exorbitant hike in price of foodgrains meant for poor which is totally beyond their low purchasing power. Further the committee feel that the additional requirement of foodgrain per BPL family per month would have to be met from open market at exorbitant price. In the opinion of the Committee the Government has not been able to successfully launch the poverty alleviation programme thereby increasing the economic disparity between the rich and the poor. The aims of TPDS is defeated in case the Government is unable to provide wheat and rice at affordable rates to the poorest of the poor in the country. The Government could have covered the budgetary and fiscal deficit by reducing Government expenditure and by increasing the prices of other commercial commodities or by further taxing luxurious goods instead of raising the prices of foodgrains available to BPL population under TPDS. Also the Government could have excluded the affluent class i.e. APL from TPDS scheme due to the fact that these population normally do not consume the foodgrains available at the Fair Price Shops. The Committee, therefore, very strongly recommend that for the fulfillment of the social responsibility of the Government to uplift the weaker section of the Society numbering nearly 35 crores which is almost 1/3 of the total population of the country and is further increasing day by day. Increase in prices of foodgrains available through TPDS for BPL is not justified due to the fact the purchasing power of the poor section of the Society has not at all increased and the economic disparity between rich and poor could not be narrowed even after the lapse of 51 years of Independence. Hence there is great need to uplift the economic status of poor masses which is the first and foremost**

**obligation of the Government. The government should explore the other alternative means and resources to minimise the subsidy sparing the poor sections of the society so that the very object of Democratic Welfare State is achieved in letter and spirit enshrined in the constitution which is the law of the land of our country. In such circumstances the Government must roll back the increase in prices made available to BPL through TPDS.**

**3.16 The Committee are of the view that identification of beneficiaries of the Targeted Public Distribution System (TPDS) namely the population Below Poverty Line (BPL) and issue of foodgrains at specially subsidised rates are the main features of the TPDS. Estimates arrived at by the expert group under the Chairmanship of Late Prof. Lakdawala on estimation of population Below Poverty Line (BPL) and number of poor people are inadequate in the present circumstances. The Committee are concerned to note that the benefit has not percolated to the right persons due to mass scale irrregularities in identification of families below poverty line and the actual beneficiaries have been deprived of the benefit. In view of the Committee names of really poor and vulnerable sections of the society such as landless, agriculture labourers, marginal farmers, rural artisans/crafts men, potters, taper, weavers, blacksmiths, carpenters etc. in rural areas and slum dwellers and persons earning their livelihood on a daily-wage basis like porters, coolies, rickshaw pullers and hand cart pullers, fruits, vegetables and flower sellers on pavements etc. in urban areas should also be included in the list as TPDS is mainly meant for poorest section of the society. The Government should ensure that not even a single poor and needy person is deprived of the benefit of the TPDS. The Committee, therefore, strongly recommend that Gram Panchayats and Gram Sabhas should invariably be involved in the initial identification of eligible families and final identification may be made after verification of doubtful cases. The higher officers, subordinate officers and staff involved in the task of identification of the BPL families should be made accountable.**

**3.17 The Committee is concerned about the inferior quality of foodgrains including sugar available under PDS. It has been observed that though Food Corporation of India asserts that foodgrains conforming to prescribed quality specifications are procured, the consumer at Fair Price Shops (FPS) is getting inferior quality of foodgrains which is sometimes even not fit for human consumption. In the opinion of the Committee it is a prime duty of the Central Government to ensure that foodgrains available at FPS are of good quality due to fact that huge amount of subsidy is involved in it. The Committee, therefore, strongly recommend that the Government should further strengthen its monitorining mechanism in coordination with State Governments to ensure that foodgrains including sugar available under Public Distribution System are of good quality.**

**3.18 The Committee appreciate the efforts of States such as Andhra Pradesh and Maharashtra where the number of bogus ration card detected during the year 1998 are of the order of 1917330 and 333456 respectively. However, the Committee view this situation very seriously in other States. In their view ration card issued under Public Distribution System (PDS) is a very important document and due care is required to be taken in issuing it. The Committee, therefore, strongly recommend that the Ministry should issue guidlines to the State Governments to take utmost care in issuing ration cards and that too in a transparant and accountable manner by involving Panchayati Raj Institution. Also the States should be asked to strengthen their monitoring mechanism for detection and elimination of bogus ration cards.**

## CHAPTER IV

### (i) Food Subsidy

4.1 The procurement as well as the issue price of foodgrains at which the Food Corporation of India operates are fixed by the Government keeping in view the interest of the farmers as well as the consumers. While procurement prices ensure remunerative prices for the farmers for their produce, the issue prices ensure supply of foodgrains to the population at large, specially to the economically weaker section of the society at affordable prices. Over and above the procurement prices, the Food Corporation of India have to incure expenditure in the form of procurement incidentals and distribution incidentals which is known as the economic cost of foodgrains to the Corporation. Since the issue prices at which the foodgrains are supplied through PDS are deliberately kept lower as a well thought of measure of social welfare policy, the difference between the economic cost and the Central Issue Prices/average sales realization is reimbursed to FCI in the form of consumer subsidy. Besides, the Corporation has also to maintain a part of the stocks of the procured foodgrains as buffer stock as a measure of food security to guard against times of scarcity of foodgrains and also to enable the Government to intervene effectively and positively in the market to stablize prices in time of undue price increase in the market. Carrying charges/cost comprising of elements like freight, storage and interest charges are also reimbursed to the FCI as an element of food subsidy. Besides, in the process of their operations, transit and storage shortages also occur which are also reimbursed from the subsidy budget after these are regularized by the Corporation by following the prescribed procedure.

Till October, 1997, subsidy was being paid only to the FCI as it was the sole agency responsible for procurement and distribution/supply of foodgrains through PDS. Under the decentralized procurement scheme from November, 1997 Government of West Bengal agreed to undertake procurement and distribution of rice within the State on the understanding that the difference between the economic cost fixed for the State and the Central Issue Prices will be passed on to them as food subsidy. Similar arrangements have now been made from the current financial year by the State Governments of Uttar Pradesh and Madhya Pradesh.

Following amounts have been released/paid to the FCI and the State Governments towards food subsidy since 1995-1996 :

(Rs. in crores)

| YEAR | SUBSIDY PAID/RELEASED |
|---|---|
| 1995-96 | 4960 |
| 1996-97 | 5166 |
| 1997-98 | 7500@ |
| 1998-99 | 8700# |
| 1999-2000(RE) | 9200* |

@ Including Rs. 28 crores to West Bengal

# Including Rs. 54 crores to West Bengal

* Includes subsidy to be paid to the State Governments of West Bengal, Uttar Pradesh & Madhya Pradesh. The actual amount released so far is Rs. 6649 crores to FCI and Rs. 199 crores to the State Governments of West Bengal, M.P. and U.P.

For the next financial year 2000-2001, a budget provision of Rs. 8100 crores has been made towards food subsidy to the Food Corporation of India and the State Governments of West Bengal, UP and MP.

The main reasons for the increase in the food subsidy bill have generally been

(i) Non-neutralisation of increases in the MSP by corresponding increases in the Central Issue Price since February, 1994. There was only a marginal adjustment in the prices when the TPDS was introduced w.e.f. 1.6.97. Thereafter the prices were increased only for APL population once for wheat and rice w.e.f. 29.1.99 and again for w.e.f. 1.4.99.

(ii) Higher levels of buffer stocks due to higher level of procurement and relatively lower off-take.

(iii) Increase in freight rates.

(iv) Progressive departmentalization of labour.

(v) Progressive switching over to 50 kg. packing.

4.2 Food Subsidy is increasing due to non-neutralisation of increase in MSP by corresponding increase in the CIP since February, 1994 except a marginal adjustment in prices when TPDS was introduced since Ist June, 1997. The increase is mainly attributable to high levels of subsidy for the BPL & APL categories of beneficiaries. Though the CIP in respect of rice and wheat has been increased w.e.f. 29.01.1999 for APL families only, there is still a sizeable subsidy for the APL category. In recent times, there has also been an increase in the carrying costs of buffer due to high levels of procurement. Other reasons for increase in subsidy are :—

(a) Increase in freight rates;

(b) Progressive departmentalization of labour;

(c) Progressive switching over to 50 kg. packing.

(d) Statutory charges around 10% levied by State Governments payable *ad valorem* on increased MSP.

The actual expenditure on consumer subsidy and carrying cost of buffer stocks would be available only after the accounts for the year 1999-2000 are finalised and audited. However, the Government has so far released an amount of Rs. 198.9695 crores to the State Governments undet the scheme of decentralised procurement and distribution and Rs.7772 crores (including arrears of Rs. 800 crores) to the Food Corporation of India out of which the payment towards consumer subsidy and carrying cost of buffer stocks on wheat and rice are as under:—

(Rs. in crores)

| | Consumer Subsidy | Carrying cost of buffer stocks |
|---|---|---|
| FCI | 5218.93 | 1753.07 |
| State Governments undertaking decentralised procurement and diatribution of foodgrains | 198.9695 | — |

The difference between the economic cost of foodgrains and their issue prices for the last three years are as under :—

**Wheat**

(Rs. per qtl.)

| Year | Economic Cost | Difference | | Central Issue Price | |
|---|---|---|---|---|---|
| 1996-97 | 640.16 | 402.00 | | 238.16 | |
| 1997-98 | 786.35 | #402.00 | | 384.35 | |
| | | APL | BPL | APL | BPL |
| | 786.35 | *450.00 | *250.00 | 336.35 | 536.35 |
| 1998-99 | 797.16 | 450.00 | 250.00 | 347.16 | 547.16 |
| | 797.16 | ^650.00 | 250.00 | 147.16 | 547.16 |
| 1999-2000 | 824.74 | @682.00 | 250.00 | 142.74 | 574.74 |

# Up to 31.5.97
* w.e.f. 1.6.97
^ w.e.f. 29.1.99
@ w.e.f. 1.4.99

**Rice**

(Rs. per qtl.)

| Year | Economic Cost | Central Issue Price | | Difference | |
|---|---|---|---|---|---|
| 1996-97 | 847.69 | 632.50 | | 215.19 | |
| 1997-98 | 939.33 | #632.50 | | 306.83 | |
| | | APL | BPL | APL | BPL |
| | 939.33 | *700.00 | *350.00 | 239.33 | 589.33 |
| 1998-99 | 1026.67 | 700.00 | 350.00 | 326.67 | 676.67 |
| | 1026.67 | ^905.00 | 350.00 | 121.67 | 676.67 |
| 1999-2000 | 1095.03 | 905.00 | 350.00 | 190.03 | 745.03 |

# Upto 31.5.97
* w.e.f. 1.6.97
^ w.e.f. 29.1.99

4.3 Other steps taken to reduce the food subsidy include:—

(1) Open sale of wheat under OMSS (D) at prices above the Central Issue Prices for PDS/TPDS.

(2) Containing/controlling the economic cost by:—

(a) decentralizing procurement and distribution of wheat and rice through States willing to participate in the scheme,

(b) reducing handing costs of FCI through (i) achieving the average capacity utilization of 75% to reduce the storage cost even though the procurement of grain is seasonal, (ii) ensuring strict quality control measures during procurement/storage, (iii) issuing of old stocks, disposing off C & D category, and (iv) controlling the administrative cost by following minimum recruitment of resultant entry level posts irrespective of the increased volume of operations.

Following important steps have been/are being taken by FCI to reduce/ minimize the administrative and operational expenditure of the Corporation of reduce the Food Subsidy:—

(a) Making efforts to achieve average capacity utilization of 75% to reduce storage cost even though the procurement of grains is seasonal.

(b) Making efforts to adhere to procurement and movement ratio norms of 1:1.35 as fixed by the Govt. of India to reduce the expenditure on freight,

(c) Making continuous efforts to reduce shortage in handling of foodgrains.

(d) Making efforts to reduce the incurrence of Railway demurrage charges.

(e) Releasing stocks in the open market at prices above the CIP.

(f) Controlling the administrative cost by following minimum recruitment of resultant entry level posts irrespective of the increased volume of operations.

(g) Trying to have a look at the economic cost.

(h) Efforts to reduce damages,

(i) Efforts on to find out ways for focusing PDS on poorest of the poor.

**4.4 The Committee note that the actual food subsidy for the years 1996-97, 1997-98, 1998-99 and 1999-2000 has been Rs. 5166 crore, Rs. 7500 crore, Rs. 8700 crore and 9200 crore (RE) respectively. The Government has proposed a subsidy of Rs. 8210 crore in (BE) (2000-2001) and are claiming that the food subsidy has been increased. To the contrary, the food subsidy has actually been reduced. The Committee feel that Government should make effort**

**to reduce the subsidy but not at the cost of BPL population. The Committee, therefore, strongly recommend that while curtailing the food subsidy some economical, administrative and operational measures should be adopted by reducing administrative cost, operational cost, transit loss, shortage, carrying cost, pilferage etc. in the operation of FCI, instead of burdening the BPL population of the country, otherwise the dream to cater to the nutritious need of the poor through TPDS at cheaper rates will not come ture.**

## CHAPTER V

3601 AND 7601

### (I) Scheme of Financial Assistance to States/UTs for Construction of Godowns

5.1 The scheme is intended to assist the State Governments/UTs in construction of small godowns of the capacity of upto 2000 MTs in interior areas where it is necessary to maintain adequate stocks to ensure regular supplies under PDS. From 1983-84 this scheme is being implemented to augment storage capacity in remote, inaccessible, hilly, rural and tribal areas. Funds under the scheme are released for small godowns where Central agencies like CWC, FCI etc. do not operate. The present pattern of financial assistance is 50% loan and 50% subsidy. However, in case of UTs without legislatures the entire assistance is in the form of subsidy only.

Since the inception of scheme financial assistance to the extent of Rs. 63.57 crores has been sanctioned for construction of 563 godowns, creating a storage capacity of 3.23 lakh MTs in 25 States and UTs upto 31.1.2000. The outlay for 1999-2000 is Rs. 12.50 crores.

A sum of Rs. 4.84 crores has been sanctioned upto 31.1.2000. Receipt of utilization certificate from the State Government is a pre-requisite for grant of fresh financial assistance under the scheme. The main reason for low utilization of funds under the scheme in the current year is the non-receipt of utilization certificates from the State Governments for the assistance given to them in previous years. As on 31.12.99, utilization certificates are pending from as many as 20 States. Financial assistance released during the past 5 years under the scheme is as under:—

(Rs. in lakhs)

| | | Assistance for construction of godowns | |
|---|---|---|---|
| Year | Provision in B.E. | Amount sanctioned | Capacity (Tonnes) |
| 1995-96 | 755 | 755 | 26,492 |
| 1996-97 | 755 | 755 | 38,330 |
| 1997-98 | 1250 | 1188 | 50,000 |
| 1998-99 | 1250 | 1250 | 80,820 |
| 1999-2000 (Upto 31.1.2000) | 1250 | 484 | 24,000 |

5.2 The Committee asked the Ministry about the less utilisation of funds. The Ministry in their reply stated that:—

"There has been less utilisation of funds in the first three quarters of the year 1999-2000 as proposals have been received mostly from September, 1999 when a deadline was given to the States. Some of the proposals were not complete in all respects in terms of the guidelines and requisite clarification were sought from the State Govt. concerned. The process of consultation with FCI, CWC and CPWD also took some time. The proposals could be considered in the first meeting of the Departmental Standing Finance Committee (SFC) in December 1999 only and an amount of Rs. 4.84 crores could be sanctioned by 7.2.2000. Another meeting of SFC was convened in January 2000 and total funds amounting to Rs. 980.99 lakhs have been sanctioned till 14.3.2000.

A list of pending utilisation certificates is maintained to keep a check on and monitor the progress of utilisation of assistance sanctioned to various States/ UTs. Efforts are constantly made for recovery of unutilised amount and furnishing of utilisation certificate in each case. Reminders are issued in the matter to the Department of Food and Civil Supplies of the concerned States. While inviting fresh proposals for the year 1999-2000 attention was also drawn to these pending matters *vide* D.O. letter from Joint Secretary (CS) in April 1999. States/UTs have been reminded *vide* D.O. letter from Secretary (PD) also in September 1999. Consequently utilisation certificates have been received with respect to Governments of Orissa and Mizoram.

**(ii) Assistance for purchase of Mobile Vans/Trucks**

The scheme is intended to provide financial assistance to State Governments/ UT Administrations for purchase of mobile vans/trucks for distributing essential commodities in rural, hilly, remote and other disadvantaged areas where static/regular fair price shops are not found viable/feasible. The financial assistance per van/truck in the case of delivery van (for 4 tonne) is Rs. 4 lakhs and Rs. 8 lakhs for big trucks ranging from 8 to 10 tonnes and subject to the ceiling of actual cost. At present, the assistance is given in the form of 50% subsidy and 50% loan. Under this scheme vehicles can be used not only as mobile fair price shops but can also be used for effecting door delivery of PDS commodities to fair price shops. On the recommendation of working group set up for formulation of 9th plan for PDS, the scope of the scheme has been extended to replacement of existing vehicles. The scheme is supplementary in nature as the running costs including maintenance are borne by the respective State Governments from their own budget."

Since the inception of the scheme in 1985-86, a total financial assistance of Rs. 63.78 crores has been provided to 26 States and UTs for purchase of 1540 vans/ trucks upto 31.1.2000. The outlay for financial year 1999-2000 is Rs. 10 crores. A

sum of Rs. 82.27 lakhs has been sanctioned upto 31.1.2000. Receipt of utilization certificate from the State Government/UT is a pre-requisite for grant of fresh financial assistance under the Scheme. The main reason for low utilisation of funds under this Scheme is non-receipt of utilization certificates from the State Governments for the assistance given to them in the past. As on 31.12.99 utilization certificates are pending from 16 States/UTs. Financial assistance released during the past 5 years under the Scheme is as under:—

(Rs. in lakhs)

| Year | Assistance for purchase of Mobile Vans | | |
|---|---|---|---|
| | Provision in B.E. | Amount sanctioned | No. of Vans/Trucks |
| 1995-96 | 660 | 655.70 | 126 |
| 1996-97 | 660 | 660.00 | 104 |
| 1997-98 | 1000 | 949.49 | 157 |
| 1998-99 | 1000 | 950.00 | 170 |
| 1999-2000 | 1000 | 82.27 | 4 |

5.3 The Ministry in their reply regarding details of the amount proposed and sanctioned to each State and pendency of utilisation certificates with the State have stated that:—

**1997-98**

(Rs. in lakhs)

| State/UT | Proposals | | Sanctioned | |
|---|---|---|---|---|
| | No. of Vehicles | Amount | No. of Vehicles | Amount |
| Assam | 50 | 300.00 | 19 | 97.66 |
| Jammu & Kashmir | 41* | 328.00 | 25 | 200.00 |
| Madhya Pradesh | 40 | 200.00 | 40 | 160.00 |
| Maharashtra | 50 | 200.00 | 35 | 203.09@ |
| Orissa | 32 | 256.00 | 32 | 256.00 |
| Tamil Nadu | 06 | 33.243 | 06 | 33.24 |
| Total | 219 | 1317.243 | 157 | 949.99 |

**1998-99**

| State/UT | Proposals | | Sanctioned | |
|---|---|---|---|---|
| | No. of Vehicles | Amount | No. of Vehicles | Amount |
| Assam | 07 | 26.96 | 07 | 43.295$ |
| Himachal Pradesh | 10 | 80.00 | 10 | 80.00 |
| Kerala | 24 | 128.28 | 24 | 128.28 |
| Madhya Pradesh | 15 | 74.00 | — | — |
| Maharashtra | 80 | 455.00 | 65 | 367.225 |
| Nagaland | 20 | 156.73 | — | — |
| Punjab | 06 | 40.50 | — | — |
| Tripura | 11 | 60.00 | 11 | 60.00 |
| Uttar Pradesh | 35 | 221.00 | 35 | 221.20 |
| D&N Haveli | 01 | 4.00 | — | — |
| Total | 209 | 1246.67 | 152 | 900.00 |

**1999-2000**

| State/UT | Proposals | | Sanctioned | |
|---|---|---|---|---|
| | No. of Vehicles | Amount | No. of Vehicles | Amount |
| Maharashtra | — | — | — | 54.275# |
| Arunachal Pradesh | 4 | 28.00 | 4 | 28.00 |
| Pondicherry | 22 | 123.00 | 4 | 20.00^ |
| Tamil Nadu | 6 | 24 | — | — |
| Delhi | 10 | 48.61 | — | — |
| Tripura | 10 | 50.00 | — | — |
| D & N. Haveli | (Proposal received during 1998 - 99) | | 1 | 4.00 |
| | 52 | 273.61 | 9 | 106.275 |

N.B.

* Proposals received in 1996-97

@ This includes balance of funds sanctioned during 1996-97

$ This includes balance of funds sanctioned during 1997-98

# The balance amount of funds sanctiond in 1998-99 released during 1999-2000

^ Sanction under issue.

**Point (ii)** (Rs. in lakhs)

| S.No. | State/Union Territory | Year(s) of Sanction | Amount |
|---|---|---|---|
| 1. | Assam | 1997-98 & 1998-99 | 114.00 |
| 2. | Bihar | 1989-90 & 1990-91 | Refund of 10 lakhs due from State Govt. |
| | | 1992-93 | 40.00 |
| 3. | Jammu & Kashmir | 1997 - 98 | 200.00 |
| 4. | Karnataka | 1991-92 | Seven more vehicles to be purchased |
| | | 1992-93 | 48.00 |
| 5. | Kerala | 1998-99 | 128.28 |
| 6. | Madhya Pradesh | 1997-98 | 28.00 lakhs to be refunded |
| 7. | Meghalaya | 1995-96 | 14.00 |
| 8. | Nagaland | 1992-93 | 24.00 (Revalidated upto March, 2000) |
| 9. | Orissa | 1997-98 | 256.00 |
| 10. | Rajasthan | 1994-95 | Rs. 2.71,80-/- to be refunded |
| 11. | Tamil Nadu | 1992-93 | Refund of Rs. 40,080/- |

As indicated in the statement, details of utilisation of funds sanctioned/ amount to be refunded are due from 15 States/UTs. Government of Bihar, Karnataka and Madhya Pradesh have to refund part amount of the Sanctions as they had purchased lesser number of vehicles than the number of vehicles for which the assistance was granted. Governments of Rajasthan and Tamil Nadu have to refund unitillised amounts after purchase of the number of vehicles sanctioned by this Department. The unutilised funds have not been surrended by 11 States/ UTs. State Government of Jammu and Kashmir proposed purchase of small vehicles of 1 to 2 tonne capacity and sought this Department's approval for the same. As purchase of smaller vehicles are not covered in the guidelines of the Scheme, the State Government has been asked to submit proposal for purchase of 4 tonne capacity vehicles. Government of Nagaland had sought concurrence for purchase of the vehicles in the current year already sanctioned during 1992-93. The sanction has been revalidated up to March 2000. Government of Uttar Pradesh has informed that they shall refund the subsidy portion of the utilised assistance of Rs. 2.50 lakhs sanctioned in the year 1988-89 alongwith interest. The State Government has already refunded the loan portion alongwith interest in terms of the sanction order. Information regarding the present position of the unutilised fund have not been received from Assam, Kerala, Meghalaya, Orissa, Tripura, Uttra Pradesh (for Rs. 221.20 lakhs sanctioned in 1998-99), West Bengal and Andaman and Nicobar Islands. The matter is being pursued with them.

5.4 The Committee asked whether the unutilised fund has been surrendered or diverted and also asked the Ministry to give details of audit report (1997-98). The Ministry in their reply said that :—

"The Ministry has not surrendered or diverted funds for construction of godown. The Ministry has not surrendered to any other Head as the balance amount is likly to be utilised for sanction of assistance to Govt. of Orissa for construction of godowns in cyclone affected areas in the current year.

There were no audit para on the scheme for construction of godwons in the Audit Report of the year 1997-98. Internal audit in their report for the period 1998-99 have observed that financial assistance has been sanctioned (upto 31.3.99) for construction of 551 godowns for raising additional storage capacity of 299402 MTs against the target capacity of 413400 tonnes set up for RPDS areas. It may be noted that the progress of construction of godowns from 1983-84 to 1991-92 i.e. before 8th Plan was very slow. The fiancial assistance of 97.3 lakhs only for 23 godowns of the capacity of 6200 MTs was sanctioned. During the 8th Five Year Plan period the progress was better. It is expected that by the end of Ninth Five Year Plan period assistance for creation of godowns for the targeted additional capacity of 4,13,40 MTs would be reached. The audit has also pointed the cases of Orissa, Madhya Pradesh, Andaman and Nicobar Islands and Bihar as instances of non-utilisation of assistance sanctioned to States/UTs. The State Government of Orissa have forwarded complete utilisation certificate and Govt. of Madhya Pradesh have also indicated the construction of godowns though at changed location. The Govt. of Bihar and A & N Administration have not replied inspite of several reminders in the case.

The audit had observed that utilisation certificates from States/UTs amounting to Rs. 35.43 crores were pending form 22 States/UTs for the period 1982-83 to 1997–98. It may be stated here that a list of pending utilisation certificates is maintained in the Department to keep a check on and monitor the progress of utilisation of assistance sanctioned to various States/UTs. Efforts are constantly made for recovery of unutilised amount and furnishing of utilisation certificate in each case. Reminders are issued in the matter periodically to the Department of Food and Civil Supplies of the concerned States. As a result pendency of utilisation certificates has reduced to Rs. 13.42 crores as against Rs. 35.43 crores pointed out by the audit.

The audit has adversely commented on sanction of assistance to Govt. of Assam even though the State Govt. had defaulted in repayment of loans and payment of interest in respect of financial assistance granted in earlier years. The matter is being taken up with the State Government for payment of outstanding due.

The audit has observed that the Department had neither monitored the scheme at any stage nor any progress report (i.e. actual number of godowns constructed and/or additional storage capacity created during 1982-83 to 1997-98) has been received. It is stated that States/UTs are expected to indicate the progress report on construction of godowns on quarterly basis as per the terms and conditions of sanction of loan. However, only in a very few cases, progress reports have been received occasionally. Therefore, a conscious decision has been taken to consider only those proposals which are supported by fulfilment of conditions of sanctions in the past."

On being informed of the above facts in a meeting held on 8.11.99, the audit party has agreed to drop this para, except the case of Assam.

**(iii) Scheme for Training Research and Monitoring**

| 1999 - 2000 | | 2000-2001 | |
|---|---|---|---|
| B.E. | R.E. | Actual | B.E. |
| 50.00 | 50.00 | 35.47 (Till 14.3.2000) | 1.50 |

5.5. The scheme aims at strengthening and upgrading the skill of personnel engaged in PDS and also to improve the management of supplies. The efforts of State Governments/UT. Administrations, State Civil Supplies Corporation etc. are supplemented by providing financial assistance for organising training programmes on PDS. Evaluation studies, research studies on various aspects of PDS are also sponsored under the scheme. Provision also exists for organising workshops, seminars for various level officials of States as well as Central Ministries/ Organisation. The scheme was included in 6th Plan and is being continued in the 9th Plan also. Generally the maximum central assistance for a week's training course in limited to Rs. 50,000/- The ceiling has been substantially increased to Rs. 50,000/- from Rs. 25,000/- recently. The assistance for research/studies however depends on the size and merits of the proposal. Under the scheme financial assistance max. up to Rs. 1.50 lakh is also provided for purchase of one computer system for networking of Directiorate of Food & Civil Supplies of States/ UTs with NIC for speedy monitoring of PDS.

Besides the assistance sanctioned for training and purchase of company studies are also undertaken on various aspects of PDS. The scope of the scheme has now been enlarged to include studies on food safety, food security and other aspects of foodgrains management besides PDS with the approval of the Planning

Commission in the current year. The following studies have been undertaken since the year 1998-99.

(a) Preparation of the model for open sale of foodgrains as a measure of market intervention for controlling prices with the assistance of National council for Applied Economic Research (NCAER), New Delhi. The study was commissioned during 1998-99 and second instalment of Rs. 2,70,00/- has been released during July, 99, on submission of draft report. Final instalment of Rs. 90, 000 is also likely to be released during the current year.

(b) Cost of acquisition and distribution of foodgrains by Food Corporation of India with the assistance of Administrative Staff College of India Hyderabad. The study has been sponsored during the current year and 1st instalment of Rs. 15 lakh has been released.

(c) Social Audit/impact evaluation of the Save Grain Campaign with the assistance of National Productivity Council. The evaluation has been completed and an amount of Rs. 2.05 lakh as final instalment is likely to be utilised during the current financial year.

(d) Study proposals relating to food security has been received from All India Institute of Hygine and Public Health, Calcutta, Institute of Human Development, New Delhi. A study proposal titled Government intervention in food markets in the new context from NCAER, New Delhi is under consideration.

**5.6 The Committee observe that the utilisation of funds for the assistance given to the States for purchase of mobile vans is very less. The States are not able to utilise this amount taking one plea or the other. The Committee suggest that Ministry should take up the matter with State Governments as the purpose of allocation under this head is to help the poor in all areas. As some areas are remote hilly areas, tribal areas, drought prone areas, desert and far-flung areas, emphasis for suitable infrastructure in these areas is necessary. Provision of godowns, vans for transport of foodgrains and trucks to function as mobile shop in these areas is necessary to be emphasised. The Committee, therefore recommend that the Ministry should earnestly persuade the State Governments to take advantage of these aschemes. The Committee also recommend that the request of North-Eastern States, Jammu & Kashmir and other hilly areas to purchase small trucks having small capacity of 1 to 2 tonnes which suits their geographical conditions may be considered.**

## CHAPTER VI

### Post Harvest Operations

6.1 In order to improve the econimic conditions of the farming community, it is imperative that post harvest losses both at pre-marketing and post marketing stages are reduced to the minimum level. The main aim of the S & R Division of Ministry of Consumer Affairs & Public Distribution is to minimise the post harvest losses through improved methods of foodgrain stroage, pest control and extension work.

For carrying out these activities, the Ministry of Consumer Affairs & Public Distribution is operating a network of Indian Grain Storage Management & Research Institute (IGMRI), Hapur with 5 field stations located in different agro-climatic conditions, 17 Save Grain Campaign Offices (SGC) and 3 Quality Control Cells (QCC) besides the Central Grain Analysis Laboratory at the Hqrs.

The expenditure on civil works, material and equipment etc, new projects and operational expenditure in respect of IGMRI stations is met out of plan allocations. The remaining expenditure in respect of IGMRI is accounted under non–plan expenditure.

An outlay of Rs. 16.00 crores has been approved for the Post Harvest Operations in the mid term appraisal for the 9th Five Year Plan (1997-2002). During 1997-1998 and 1998-99 an expenditure of Rs. 2.56 and Rs. 1.758 crores were incurred against a budget allocation of Rs. 3.00 and Rs. 3.75 crores respectively. The anticipated expenditure for these operations during 1999-2000 is likely to be Rs. 2.50 crores against the budgetted allocations of Rs. 3.37 crores (details are given in Annexure - II)

### Annual Plan (2000-2001)

For the annual plan 2000 - 2001 an outlay of Rs. 3.43 crores is proposed for the post harvest operations. The scheme wise details are given below :—

#### (a) Research & Development, Extension and Co-ordination

Under the Resarch and Development activities, the following activities are proposed to be taken up during 9th Plan period :—

1. Controlled Atmosphere Technology (CAT)

2. Hermatic Storage techniques for preservation of foodgrain.

3. Assessment of storage losses in foodgrains at national level with specific reference to wheat.

4. Bulk storage system of foodgrains

5. Analysis of foodgrain samples for physical quality parameters.

6. Monitoring of foodgrain samples for mycotoxin contamination.

7. Monitoring of foodgrain samples for pesticidal contaimination.

8. 25 Research & Development schemes on different aspects of foodgrain storage.

The above research activities are in progress at IGMRI, Hapur and its 5 field stations located in different agro climatic zones of the country. These activities would be in additions to the various activities undertaken with Non-Plan funds.

It is also proposed to strengthen and equip the laboratory facilities at IGMRI, Hapur and its 5 field stations and Central Grain Analysis Laboratory at Hqrs, New Delhi by procuring essential laboratory equipment.

The main components of expenditure during 9th Plan and Annual Plan (2000 - 2001) are as under:—

(i) To complete ongoing construction work/new essential building,

(ii) Purchase of machinery & equipment material for IGMRI & CGAL,

(iii) To provide infrastructure support.

Under the construction work of residential staff quarters at IGMRI, Udaipur have been completed. The construction work of various types of work at IGMRI, Jorhat have also been completed. Sanction for construction of Hostel, building at IGMRI, Jabalpur at an estimated cost of Rs. 85.56 lakhs has been issued against the BE 1998-99 provision of Rs. 90.00 lakhs. The work is likely to begin shortly. Similarly, new construction works, *viz.* hostel building at IGMRI, Udaipur and staff quarters etc. at IGMRI, Jabalpur are planned to be taken up during 2000- 2001. Accordingly, a provision of Rs. 50.00 lakhs is proposed in the Annual Plan 2000 - 2001.

For the Annual Plan 2000 - 2001, a provision of Rs. 2.09 crores is proposed, which comprises Rs. 0.50 crores for new construction works at IGMRI, Jabalpur and Udaipur, Rs. 0.5800 crores for machinery & equipment, material & supplies

and development of CGAL etc. for undertaking Research & Development activities and Rs. 0.945 crores for infrastructure support.

The various items of work under this programme and their approved outlay for the 9th Plan (1997 - 2002) and proposed outlay for the Annual Plan (2000 - 2001) are as under:—

(Rs. in crores)

| S.No. Item of Work | 9th Plan Allocation As per mid term appraisal | Proposed outlay for Annual Plan (2000-2001) |
|---|---|---|
| 1. Construction work of new essential buildings | 4.842 | 0.500 |
| 2. Machinery and equipment | 0.499 | 0.445 |
| 3. Material & Supplies | 0.1921 | 0.035 |
| 4. Upgration of IGMRI/CGAL | 0.2528 | 0.100 |
| 5. R & D Project | 0.1425 | Nil |
| 6. Establishment of centre of excellence of PHM | Nil | — |
| 7. Stipend to artisans | .0885 | 0.023 |
| 8. Advertisement & Publicity | .7101 | 0.045 |
| 9. Infrastructure support | 3.7255 | 0.945 |
| Total | 10.4525 | 2.093 |

**Farm Level Storage & Development of Nucleus Villages**

The major planks of the scheme are training demonstration and publicity in selected villages with a view to educate, motivate and persuade the farmers to adopt recommended storage practices of foodgrains through a network of 17 field offices SGC located in different parts of the country. One of the main activity under this programme is development of nucleus villages as demonstration unit. A nucleus village would be one in which atleast 30% storage structures are improved upon and atleast 10% of total storage structures available in the village are modern storage structure such as metal bin, pucca kothi etc.

The various items of work under this programme and their approved outlays for the 9th Plan and proposed outlay for Annual Plan (2000 - 2001) are as under :—

(Rs. in crores)

| S. No. | Item of work | 9th Plan Allocation As per mid term appraisal | Proposed outlay for Annual Plan (2000 - 2001) |
|---|---|---|---|
| 1. | Subsidy to State Govts. against loan provided for metal bin | 0.3800 | Nil |
| 2. | Provision of non-metallic storage structures | 0.3995 | 0.117 |
| 3. | Development of nucleus villages | 1.4628 | 0.400 |
| 4. | Training | 1.8771 | 0.486 |
| 5. | Advertisement & Publicity | 0.2375 | 0.062 |
| 6. | Infrastructure support | 1.2355 | 0.277 |
| | Total | 5.5924 | 1.341 |

The above activities would be in addition to the various programmes already undertaken with Non-Plan funds through the existing 17SGC Offices. The publicity programme will have multimedia outlet with the assistance of DAVP and printing press at IGMRI, Hapur.

In the stipendiary training courses of 10 days duration 50 farmers are trained and paid stipend of Rs. 250 each. This would involve an outlay of Rs. 0.486 crores during 2000-2001. In regard to development of Nucleus villagees, an amount of Rs. 10,000/- per village is provided as incentive and therefore an outlay of Rs. 0.40 crores has been proposed for the year 2000-2001. A total of 400 Nucleus villages are supposed to be developed during this period.

The central investment for improvement of farm level storage would be matched by an equal amount to be invested by the farmers for purchase of metal bins and construction of non-metallic storage structures etc. The investment by the Government of India in real terms would be to the tune of 50% of the total investment. However, for these storage structures the inlets/outlets and waterproof material etc would be supplied free of cost by SGC offices.

The total outlay proposed for post harvest operations for Annual Plan (2000-2001) as detailed at Annexure II is Rs. 3.43 crores.

7. The scheme-wise break-up of outlays for 9th Plan (1997-2002) as per mid tem appraisal and proposed outlays for Annual Plan (2000-2001) is indicated in the attached in Annexure - VIII.

**Development of Scheduled Castes and Scheduled Tribes – Tribal Sub Plan**

The Post Harvest Operations are targetted at the farmers, traders and other foodgrain storing agencies as a whole. It is, therefore, not possible to indicate the flow of the benefits specially for the Scheduled Castes and Scheduled Tribes to whom the benefits of the Schemes would nevertheless be available.

**Sub-Plan for Women**

Under the Scheme, Research and Development activities, popularisation of scientific storage techniques are undertaken through the establishment of Indian Grain Storage Management & Research Institute and Save Grain Campaign Offices in training demonstration and publicity programmes, efforts are made to include more and more number of farm women and in some cases, training programmes are orgainsed exclusively for farm women. Therefore it is not possible to earmark specific funds for sub-plan for women. As such no specific targets have been fixed for this purpose as indicated in Annexure XI-A & XI-B respectively.

**S & T Component**

The entire scheme is treated as S & T Component of the Ministry's Plan Schemes. Apart from the allocation of Rs. 16.00 crores approved for the scheme during the mid term appraisal for the 9th Five Year Plan, it is anticipated that an additional amount of approximately Rs 33.00 crores would be spend under Non-Plan outlay on this scheme during the 9th Plan period.

**6.2 Significant quantity of foodgrains are lost at pre-harvest and post-harvest stages due to variety of factors. It is estimated that a quantity of nearly 20 million tonnes of foodgrains is lost every year on these accounts. The Committee feel that saving of foodgrains should, therefore, be main aim to the food security policy of the country. The Committee recommend that as the economy of rural India is both complex and traditional, the concept of commodities storage and handling facility at village level will be an important milestone. The Committee further recommend that Save Grain Campaign programme should be declared a national programme and the quality of supervision and monitoring which needs to be upgraded should also be strengthened.**

## CHAPTER VII

### (I) Food Corporation of India (FCI)

7.1 The FCI was set up in 1965 under an act of Parliament to fulfil the objectives :—

(i) Effective Price Support Operations for safe guarding the interests of the farmers.

(ii) Distribution of Foodgrains throughout the country for Public Distribution System and other Government of India Schemes.

(iii) To maintain satiafactory level of operational/buffer stocks of foodgrains to ensure national food security.

FCI, has incurred Rs. 15.21 crores on storage construction programme upto Feb., 2000 against the proposal to incur 20 crores when the Committee asked the reasons for low utilisation. The Ministry in their reply stated that :—

FCI has already incurred Rs. 15.21 crores on the Storage Construction Programme during the year upto February, 2000 and has realised a storage capacity of .67 lakh tonnes. It is expected that an overall storage capacity of 0.85 lakh tonnes would be realised before the end of March, 2000. Considering the progress of on-going works, as also the estimates on hand, it is expected that the entire budget allotment would be met. The reason for shortfall in capacity during the current year is as follows :

Due to unusal rainfall in Payanur as also super-cyclone in Orissa, there has been some setback to the progress of work at these centres. Further, during the current year, a detailed review of the need for capacity at the various places with reference to the present level of off-take was undertaken, which resulted in certain delay in issuing sanctions, which, in turn, resulted in dealy in realisation of the balance capacity in the current year. However, it is expected that all the spill-over capacities from this year would be completed by the second quarter of the coming financial year.

7.2 The Ministry in their replay stated that the total number of godowns owned and hired by the FCI as on 1.1.2000 is as under :—

**Statement Showing the Statewise Number of Godowns (Owned and Hired/ Covered and Cap) available with the Food Corporation of India as on 1.2.2000**

| Sl. No. | Name of the State/U.T. | Covered | | | CAP | | | Grand Total |
|---|---|---|---|---|---|---|---|---|
| | | FCI Owned | Hired | Total | Owned | Hired | Total | |
| 1. | Bihar | 19 | 33 | 52 | - | - | - | 52 |
| 2. | Orissa | 22 | 29 | 51 | - | - | - | 51 |
| 3. | West Bengal | 26 | 24 | 50 | - | - | - | 50 |
| 4. | Sikkim | 01 | 03 | 04 | - | - | - | 04 |
| 5. | Assam | 18 | 23 | 41 | - | - | - | 41 |
| 6. | Arunachal Pradesh | 04 | - | 04 | - | - | - | 04 |
| 7. | Meghalaya | 02 | 03 | 05 | - | - | - | 05 |
| 8. | Manipur | 02 | 01 | 03 | - | - | - | 03 |
| 9. | Mizoram | 04 | 02 | 06 | - | - | - | 06 |
| 10. | Nagaland | 04 | 02 | 06 | - | - | - | 06 |
| 11. | Tripura | 02 | 05 | 07 | - | - | - | 07 |
| 12. | Delhi | 07 | 01 | 08 | 03 | - | 03 | 11 |
| 13. | Haryana | 37 | 45 | 82 | 23 | 02 | 25 | 107 |
| 14. | Himachal Pradesh | 04 | 13 | 17 | - | - | - | 17 |
| 15. | J & K | 11 | 06 | 17 | - | - | - | 17 |
| 16. | Punjab | 111 | 213 | 324 | 81 | 88 | 169 | 493 |
| 17. | Chandigarh | 04 | 06 | 10 | 02 | 03 | 05 | 15 |
| 18. | Rajasthan | 35 | 34 | 69 | 14 | 07 | 21 | 90 |
| 19. | U.P. | 54 | 87 | 141 | 28 | 12 | 40 | 181 |
| 20. | Andhra Pradesh | 35 | 94 | 129 | 10 | 01 | 11 | 140 |
| 21. | Kerala | 22 | 02 | 24 | 02 | - | 02 | 26 |
| 22. | Karnataka | 15 | 44 | 59 | 12 | 01 | 13 | 72 |
| 23. | Tamil Nadu | 16 | 19 | 35 | 07 | - | 07 | 42 |
| 24. | Pondicherry | 03 | - | 03 | - | 01 | 01 | 04 |
| 25. | Gujarat | 14 | 16 | 30 | 11 | 06 | 17 | 47 |
| 26. | Maharashtra & Goa | 18 | 29 | 47 | 06 | 01 | 07 | 54 |
| 27. | Madhya Pradesh | 41 | 76 | 117 | 14 | 02 | 16 | 133 |
| | Grand Total | 531 | 810 | 1341 | 213 | 124 | 337 | 1678 |

7.3 The Committee was concerned about the shortage of storage capacity and in this regard enquired about the quantity of foodgrains lying in FCI godowns from 2 to 5 years, the Ministry in their reply gave the following statement :—

**Quantity of Wheat and Rice Lying for more than 2 years in FCI Godowns**

| Region | 2-3 years | | | 3-4 year | | | 4-5 Years | | | More than 5Years | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Wheat | Rice | Paddy | Wheat | Rice | Paddy | Wheat | Rice | Pady | Wheat | Rice | Paddy | Wheat | Rice | Paddy |
| East | 4655 | 25050 | 6046 | 0 | 3926 | 215 | 0 | 4274 | 0 | 0 | 17757 | 0 | 4655 | 51007 | 6261 |
| North-East | 110 | 1716 | 0 | 0 | 844 | 0 | 0 | 223 | 0 | 0 | 30 | 0 | 110 | 2813 | 0 |
| North | 97111 | 227399 | 360 | 2622 | 36623 | 10012 | 1060 | 21450 | 2724 | 1243 | 157227 | 66 | 102036 | 442699 | 13162 |
| South | 2295 | 27524 | 113 | 0 | 7706 | 0 | 0 | 6868 | 0 | 0 | 26977 | 0 | 2295 | 69075 | 113 |
| West | 123587 | 84529 | 0 | 5902 | 7128 | 0 | 1899 | 18502 | 0 | 58103 | 859 | 0 | 189491 | 111018 | 0 |
| Country Total : | 227758 | 366218 | 6519 | 8524 | 56227 | 10227 | 2959 | 51317 | 2724 | 59346 | 202850 | 66 | 298587 | 676612 | 19536 |

7.4 The Committee asked the Ministry about the steps taken to dispose off the foodgrains lying in FCI godowns for more than three years. The Ministry in their reply stated that :—

A statement indicating the quantity of wheat and rice lying in godowns of FCI for more than 3 years is at page 116.

The High Level Committee of FCI is empowered to dispose off category 'D' rice through tenders. The HLC has also been authorized to dispose, by the tender process of 1.81 lakh tonnes of Australian wheat, 0.41 lakh tonnes of Candian red wheat, 0.40 lakh tonnes of category 'C' & 'D' wheat and 3.21 lakh tonnes of more than two years old wheat available with FCI on 1.11.99. A proposal to authorize the HLC to dispose off 5.14 lakh tonnes of URS rice and 2.1 lakh tonnes of paddy has been referred to Ministry of Finance.

7.5 The Committee was worried about the operational and administrative expenditure and asked the ministry about the steps taken to reduce these expenditures to curb the burden of food subsidy. The Ministry in their reply stated that :—

*Reduction in operational /administrative expenses.*

(i) Procurement is concentrated in specific States where issues are spread throughout the country. Godowns in the procuring States must have vacant capacity to receive the procured grains so that Price Support Operations are not hampered. Thus with normal one turn-over of stocks 50% capacity utilization could be achieved. However, with higher volume of procurement and enforcement of better utilization of storage capacity available, the average capacity utilization has gone up. Savings in this regard could be projected as under :—

| Year | Capacity utilization | Average stocks with FCI (In lakh tonnes) | Savings over earlier year (Rs. in crores) |
|---|---|---|---|
| 1996-97 | 57 | 138.25 | - |
| 1997-98 | 62 | 136.72 | 59.06 |
| 1998-99 | 69 | 165.05 | 83.18 |
| 1999-2000 | 75 | 179.42 | 68.90 |

(ii) Reducing the secondary movement, thereby keeping Procurement : Movement Ratio to 1:1.35

| Year | Procurement (in lakh tonnes) | Quantity moved (in lakh tonnes) | Projected movement as per norms (In lakh tonnes) | Savings (In lakh tonnes) | W.R.T. norms by BICP savings estimated (Rs. in crores) |
|---|---|---|---|---|---|
| 1996 - 97 | 204 | 248 | 275.40 | 27.4 | 119 |
| 1997-98 | 236 | 202 | 318.60 | 116.6 | 516 |
| 1998-99 | 245 | 202 | 330.75 | 128.75 | 582 |
| 1999- 2000 (Estimated) | 265 | 200 | 357.75 | 157.75 | 816 |

(iii) Control of expenditure on demurrage

| Year | Demurrage incurred | Percentage to freight | Savings WRT norms by BICP (Rs. in crores) | Demurrage at 2% as per BICP norms |
|---|---|---|---|---|
| 1996 - 97 | 18.63 | 1.6 | 4.29 | 22.92 |
| 1997 - 98 | 18.75 | 1.8 | 1.63 | 20.38 |
| 1998 - 99 | 18.50 | 1.7 | 2.96 | 21.46 |

During 1999-2000, with a view to clear the capacity in Punjab/Haryana, stocks were dispatched keeping in view the off-take from different Centres. However, due to actual off take being lower than estimated it is likely that incurrence of demurrage may be slightly higher.

(iv) Control on administrative cost

| Year end March | Staff No. | Reduction in staff | Estimated savings over earlier year (Rs. in crores) |
|---|---|---|---|
| 1996 | 64178 | | |
| 1997 | 63337 | 841 | 10.18 |
| 1998 | 64135 | (-) 798 | No savings (SC/ST Spl. Recruitment) |
| 1999 | 62959 | 1176 | 17.86 |
| 1999 (till Dec.) | 63577 | 382 | 4.50 |

(v) Savings in subsidy due to open market sale at the price above CIP.

| Year | Rs. in crores |
|---|---|
| 1996 - 97 | 465 |
| 1997 - 98 | 3 |
| 1998 - 99 | 180 |

7.6 The Committee was concerned about the transit and storage losses which helps in increasing food subsidy and asked the Ministry about the efforts initiated in this regard. The Ministry in their reply stated that :—

In order to reduce storage and transit losses of foodgrains at farm and commercial level and to modernise the system of storage and transportation of foodgrains procured by the Food Corporation of India (FCI), the Department is engaged in formulating a National Storage Policy. The main thrust of the policy is to harness efforts and resources of public and private sectors, both domestic and foreign, to build and operate infrastructure for introduction of bulk handling, storage and transportation of foodgrains in the country.

1. The salient features of the policy are :

(a) Creation of integrated bulk handling facilities with silos of large capacities for wheat alongwith testing facilities for quality control at about 20 identified central locations in producing, consuming & a few port towns for storage of foodgrains procured by the FCI.

(b) These facilities including the facilities for bulk transportation to these centers through specially designed top-filling-bottom-discharge wagons to be created and maintained in the private sector under the overall coordination of the FCI.

(c) FCI to guarantee utilization of these facilities to the extent of 100% for the first ten years and 75% for the next ten years.

(d) From these points, secondary transportation of foodgrains to be made in bag form to about 500 large godowns in important central locations in different States to be owned and maintained by the FCI.

(e) Further transportation to the consuming centres for retail distribution by State Governments to be carried out by the State Governments.

7.7 Showing their concern over the irregularities in FCI the Committee asked about the surprise and regular checks made by FCI and steps taken to curb such misdeeds, the Ministry in their reply stated that :—

(a) During the year 1998, 807 surprise checks and 793 regular checks were conducted. 78 cases were instituted against the delinquent officials on account of storage/transit losses.

During the year, 1998, following penalties were imposed on the delinquent officials including officials found responsible for transit & storage losses :—

1. MAJOR PENALTY IMPOSED DURING THE YEAR 1998

| | |
|---|---|
| Dismissal/ Removal/Compulsorily retired. | 13 |
| Reduction in Rank | 26 |
| Reduction in time scale of pay | 123 |
| | 162 |

2. MINOR PENALTY IMPOSED.

| | |
|---|---|
| With holding of increment/Recovery from pay | 466 |
| Withholding of promotion | 9 |
| Censure | 148 |
| | 623 |
| Total (1+2) | = 162 + 623 |
| | = 785 |

(b) During the year 1998, 975 cases were instituted against the employees of the Corporation. Out of these 975 cases, 31 cases were instituted against Category I officers.

(c) In order to curb the menace of corruption, Squads are constituted at the Zonal/Regional/District and Headquarters level from the Operative Division & Vigilance Division to conduct surprise/regular checks particularly on the identified Depots. Officials found responsible for the storage/transit losses including purchase of Beyond Rejection Limit (BRL) stocks are proceeded against as per the gravity of the offence and accordingly charge-sheets are issued under Major/Minor Penalty.

**(ii) Board of Directors of Food Corporation of India**

7.8 As per Section '7' of the Food Corporation of India Act, 1964 the Board of Directors of the Corporation shall consist of the following namely :—

(a) a Chairman,

(b) three Directors to represent respectively the Ministries of the Central Government dealing with :—

(i) Food

(ii) Finance

(iii) Cooperation

(c) the Managing Director of the Central Warehousing Corporation establish under Section 3 of the Warehousing Corporation Act, 1962 (58 of 1962) *ex officio*;

(d) Managing Director

All the Directors of the Corporation other than the Director referred to in Clause (C) sub-Clause (1) shall be appointed by the Central Government.

The Committee asked about the vacant posts of Director in FCI and also ask since when the posts are lying vacant and the steps taken to fill up the vacant posts of Director. The Ministry in their reply stated that out of the six other Directors, Smt. Tejinder Kaur, Secretary (food), Government of Punjab was appointed as a Director for a period of two years *w.e.f.* 1.4.97 to 31.3. 99. After relinquishment her charge this vacancy is lying vacant. The remaining four vacancies were held by the non-official Directors namely S/Shir K.L. Gidwani, P.V.R. Kutti Menon, K.N. Kabra and Harikesh Bahadur from 1st week of May, 1994 to 1st week of May, 1996 and since then these vacancies are also lying vacant.

**7.9 The Committee observe that the foodgrains and sugar are still lying in Food Corporation of India (FCI) godowns for the last five years. In the opinion of the Committee the foodgrains which is produced by the farmers with their sweat to make the country self-sufficient should not be wasted in such a manner and be disposed off before it becomes damaged. It is very unfortunate that no concrete step has been taken to dispose off the accoumulated old stock. At one side farmer's labour is being wasted and on the other side it leads to storage problems for fresh crop. The Committee very strongly recommend that some concrete efforts should be made to dispose off the accumulated old stock adhering to the principle of First - in - First - Out (FIFO). Also concrete efforts should be made by organising more surprise checks for physical verification of different godowns of FCI throughout the country so that foodgrains stocked in the godowns should not accoumulate for more than a year.**

**7.10 The Committee note with concern that out of 13 posts of Directors in the Board of Directors (BoD) of Food Corporation of India (FCI), six posts are lying vacant for the last many years and no step seems to have been taken by the Government to fill the same. The Committee are unable to understand as to how the Corporation is running smoothly and decisions are being taken by them in the absence of full strength of Directors. The Committee view this situation very seriously. They, therefore, recommend that the Government should take immediate steps to fill the vacant costs of Directors in the BoD of FCI so that the Corporation runs smoothly. Steps taken and progress achieved in this regard should be communicated to the Committee within three months time.**

**(iii) Central Warehousing Corporation (CWC)**

7.11. The main functions of the Central Warehousing Corporation are:—

(i) to acquire and build godowns and warehouses at suitable places in India;

(ii) to run warehouses for the storage of agriculture produce, seeds, manures, fertilisers, agriculture implements and notified commodities offered by individuals, cooperative societies and other institutions;

(iii) to arrange facilities for transport of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities to and from warehouses;

(iv) to operate warehouses, create infrastructure and arrange facilities for storage handling and transport of agriculture produce, seeds manures, fertilisers, agriculture implements, notified commodities bonded cargo and air cargo etc;

(v) to provide consultancy services, assistance, finance programmes or projects related to agriculture produce or other notified commodities.

During to course of evidence the Committee asked whether construction of cold storage for essential commodities is also one of the function of the Central Warehousing Corporation. The Ministry in their reply stated that in view of the potential, the corporation intends to go in for cold chain infrastructure in the shape of atmospheric temperature controlled warehouses in the State of Punjab and in and around Delhi.

7.12 During the course of discussion the Committee asked about the profit earned by the C.W.C. The Ministry in their reply stated that:—

*Turnover, Profit and Dividend*

| Year | Turnover | Net Profit |
|---|---|---|
| 1995-96 | 210.79 | 60.98 |
| 1996-97 | 234.68 | 84.95 |
| 1997-98 | 253.34 | 67.73 |
| 1998-99 | 255.64 | 41.50 |

7.13 The Committee was concerned about the declining trend of profit of Central Warehousing Corporation and asked to explain the reasons. And in their reply the Ministry stated that:—

"The main issue that has been raised is why the profits of the CWC have been coming down in the last three years. This has been a matter causing concern to the Ministry and the Board of Directors. We have been repeatedly asking them as to how this has happened. As you know, in the case of CWC, the major portion of the profits come from their bonded warehousing activity and not from the food warehousing activity. What has happened after 1995-96 and 1996-97 is that there has been a sharp decline in the utilisation of the bonded warehousing capacity which has been created by the CWC. In the most profitable centre of the CWC there has been a decline in the business. There has been a marginal increase in the agro-based industrial activity, but that does not compensate us for the losses we have suffered in the bonded warehousing. That is the responsibility for the decline.

Efforts are being made now to see whether we can get back a part of the business. There are more number of players than what has been the case four or five years ago. The liberalisation process has gone to such an extent that industries can have their own bonded warehousing. They do not have to come to the CWC for this purpose. Then, there is a quicker turnover of the goods. We get the money if the goods are retained in the warehouse for a longer time. If what is kept in the warehouse is withdrawn quickly, there will be a decline in the revenue. Decline in the international trade has also affected CWC just as it has affected the customs revenue of the Government of India itself.

What we have thought is, we should go in for alternative business. The bonded warehousing business came in very handy to the CWC in the early 1990s. Now that has reached a plateau and we are not likely to make a substantial profit because of the presence of a large number of players in the

field and because there is a stagnation in the international trade. We have to go in for alternative schemes which give us higher profits.

Establishment of a cold chair at a very specific level where high value goods are sold and we get substantial margins is one area. The second area is the management of the liquid cargo. So many private powerhouses are coming in today; people are talking about gas and ammoinia being imported. All kinds of liquids are coming in a big way. We can tie up with a port and have a luquiid cargo terminal in order to improve our business profitability. These are the two areas being explored. There is an excellent collaboration of the Punjab Government with a private party. That particular private party is a good player in the field.

Then there is transport business to some extent. The present handicap today in our container freight stations is that we have to depend upon the private transporters for transporting it to the final destinations. We have explored the possibility of going in for some trucks which are going to carry these goods from our container freight stations to the various destinations. That has started on an experimental basis. If that succeeds, we will earn some profits in transporting goods. We may also increase out business where we are going to give a total package.

We may also increase our business where we are going to give a total package."

7.14 When the Committee asked that whether CWC has made any serious attempt to implement the Government guidelines on-austerity and economy measures on the plea that such Govt. guidelines are not applicable to Public Distribution Undertakings. The Ministry in their reply stated that:—

"The guidelines issued by the Government on the austerity and economy measures are-being implemented by the CWC in letter and spirit. The instructions are also transmitted to the field units of the CWC from time to time for strict compliance. The Corporation attaches the highest importance to economy measures in order to reduce costs as far as possible and to achieve greater profits."

7.15 The Committee asked about schedule under which the top senior officers are enjoying the facilities. The Ministry in reply stated that:—

The Department of Public Enterprises (DPE) was requested to indicate the facilities admissible for chief executives and other officers of Schedule 'A', 'B' and 'C' PSUs. In this connection they have clarified as under:—

"OM Nos.2(49)/98-DPE(WC) dated the 25th June 1999 and No.2(53) 90-DPE(WC)-GIV dated the 26th March 2000 are enclosed which *inter-alia* mention the eligibility of perks (mainly on leased

accommodation and staff car) of Board level officers of different Schedules. Besides these, there is no other guideline issued by the DPE on this area.

Perks differ from PSU to PSU, which they implement with the approval of Board and the administrative Ministry."

CWC is a Schedule 'C' PSU. None of the officers of the Central Warehousing Corporation (CWC) including Managing Director are availing any facility prescribed by Government/DPE for Schedule 'B' only and not for Schedule 'C'. The Managing Director of the CWC is of the level of Joint Secretary. As per Section 7(5)(b) of the Warehousing Corporations Act, 1962, the MD shall receive such salary and allowances as the CWC may fix with the approval of the Central Government. As intimated earlier in reply to Question No.13 of the post-evidence replies furnished by the Ministry *vide* letter No.20017/1/2000-AC dated the 27th March 2000, the terms and conditions of the appointment of the MD, CWC have been finalized by the Ministry in consultation with the Department of Public Enterprises and he is getting pay and allowances of the CEO of Schedule 'C' company. His pay scale is Rs.22500-600-27300 (IDA pattern). In addition to the pay, the Managing Director is entitled for D.A., CCA, HRA/accommodation owned by the PSU as per DPE's guidelines. He is also entitled to the facility of staff car for private use on payment basis. As regards leave, contributory provident fund, gratuity, PLI, leave travel concession, travelling allowance, medical facilities etc., he will be getting these benefits as per the Rules of the Corporation.

7.16 During the course of evidence the Committee pointed out about the Annual General Meeting called in Sep.'99 without first placing the report of the Statutory Auditors and Comptroller and Auditor General on the Annual Accounts of the Corporation before the Board of Director ignoring the advice of the Competent Authority. The Ministry in their reply stated that:—

"As per Section 13 (1) of the Warehousing Corporations Act, 1962, the Annual General Meeting of the Central Warehousing Corporation shall be held every year within six months of the close of the Financial Year. Section 13(2) of the Act provides that the Shareholders present at the Annual General Meeting shall be entitled to discuss the annual accounts, the report of the Board of Directors on the working of the Corporation during the year under report as well as of the Auditors' Report on the Annual Balance Sheet of the Accounts. The Board of Directors of the Central Warehousing Corportion fixes the date for holding the Annual General Meeting. Accordingly, the Corportion had taken the approval of the Board of Directors for holding the Annual General Meeting. The meeting had been called on September 29, 1999.

The general practice has been to place the Auditors' Report before the Board of Directors before placing it before the Annual General Meeting of the Shareholders. The Financial Adviser had accordingly advised that replies to the report of statutory auditors on the accounts for the financial year ending 31.3.1999 and the report of the Auditors on the annual accounts should be put up to the BoD before being placed in the AGM in view of the powers and functions entrusted to the BoD under Section 6(1) of the Act. As per Section 6(1), the general superintendence and management of the affairs and business of the Central Warehousing Corporation shall vest in a Board of Directors who with the assistance of the Executive Committee and a Managing Director may exercise all the powers and discharge all the functions which may be exercised or discharged by the Central Warehousing Corporation under this Act.

The Audit Report for 1998-99 was placed before the Annual General Meeting on 29.9.1999 without being placed before the Board of Directors. Therefore on this occasion there has been a departure in the previous practice. The same has been viewed seriously by the Board of Directors when the matter came up before them in their meeting on 17.11.1999. The Board advised that such a departure should not happen in future. The advice of the Board has been noted by the CWC for strict compliance."

7.17 The country is facing hardships due to shortage of cold storage facility for essential commodities like potato, onion etc. The Committee asked Central Warehousing Corporation regarding steps taken by them in this regard. Central Warehousing Corporation in their cost evidence, reply stated, that in view of the potential the Corporation intends to go in for cold chain infrastructure in the shape of atmospheric temperature controlled warehouses in the State of Punjab and in an around Delhi. However no targets have been fixed in this regard so far.

7.18 Some of the senior officers of the Corporation have been booked by CBI. When the Committee asked the Ministry about those senior officers against whom CBI cases have been registered and also the reasons for their continuing to the key and sensitive posts, the Ministry in their post evidence reply as under:—

Names of the senior officers against whom CBI has registered cases are as under:—

| S.No. | RC No. & date | Name of the Officer | Status |
|---|---|---|---|
| 1. | 6(9)/95-BPL 1-5-95 | P.P. Gulwade, Manager (General) | Sanction of Competent Authority conveyed to CBI for prosecution on 26-8-96. Shri Gulwade was convicted |

| | | | |
|---|---|---|---|
| | | | in trial but he got stay from High Court, Jabalpur. |
| 2. | 10(A)/95-BPL<br>21-11-95 | P.P. Gulwade,<br>Manager (General)<br>going on in CBI Court. | Sanction of the competent Authority conveyed to CBI on 3-1-98 and trial is going on in CBI Special Court. |
| 3. | DAI-1999-<br>IA-0063<br>29-12-99<br>29-12-100 | Maj. Gen(Rtd.) Kulwant Singh, Ex. MD, CWC<br>Ajay Khera, Commercial Manager-I<br>R.C. Agarwal, RM Mumbai | The case is under investigation by the CBI. |

The Govt./CVC instructions/guidelines in regard to placement of officer in the key/sensitive post when RC is registered is as under:—

"In case where the Special Police Establishment are investigating serious charges and request for the transfer of a public servant, such requests should, normally be complied with. The Special Police Establishment will recommend transfer only when it is absolutely necessary for the purpose of investigation and will give reasons while making such requests. Such requests will be signed by an officer not lower in rank than a Superintendent of Police.

Where the Department concerned has some administrative difficulty in complying with the request, the matter should be settled by discussion at the local level. If difference persists, it should be discussed at a higher level. In exceptional cases, the matter may be discussed by the administrative Ministry with the Joint Secretary in the Administrative Vigilance Division of the Department of Personnel and Traning.

While it is recognised that the discretion of the administrative ministries should not be taken away in matter of this kind, it is equally necessary that there should be no impediments to proper investigation of allegations of corruption and lack of integrity. Both these considerations may be borne in mind by all concerned, in dealing with such cases.

The above guidelines are being strictly followed. The Special Police Establishment has so far not requested for the transfer of any officer against whom RC is registered. However, the Corporation has issued transfer order of Shri R. C. Agarwal, RM from RO, Mumbai to RO, Lucknow."

**7.19 The Committee note with concern that though the Ministry has asserted that the O.M. No. F. 19(1) E II(A)/98 dated 20th August, 1998 issued by the Government on the austerity and economy measures which *inter-alia* states that visits abroad for study tours, workshops, seminars, conferences, etc. funded by the Govt. of India may be discouraged, being implemented by Central Warehousing Corporation (CWC) in letter and spirit, whereas expenditure incurred specifically on foreign travels by the senior officers of the Corporation increased from Rs. 37,885 in the year 1996-97 to Rs. 29,26,311 in the year 1998-99 which amounts to nearly 930% increase in expenditure. It is clear cut violation of the guideline issued by Government *i.e.* 10% cut in expenditure. The Committee further note that from the aforesaid foreign travels nothing substantial seems to have been achieved by the Corporation in regard to betterment of the professional skills of those officers. In the opinion of the Committee, the Corporation should have avoided the unnecessary foreign travels keeping in view the declining trend in the net profit *vis-a-vis* the aforesaid austerity measures suggested by the Government for economy cut of the Corporation since 1996-97. The Committee, therefore, strongly recommend that steps should be taken to avoid unnecessary foreign tours by the senior officers of the Corporation in future instead steps should be taken to improve the net profit of the Corporation. The Committee would also like to have the details of tour notes prepared by the officers of the Corporation who undertook foreign travels during the year 1997-98 and 1998-99 within three months time.**

**7.20 The Committee are concerned to note that the Audit Report of the Corporation for the year 1998-99 was placed on the Annual General Meeting (AGM) of the Shareholders without placing the same before the Board of Directors (BoD) and which was unprecedented in the history of CWC. The Financial Adviser had advised that replies to the report on Statutory Auditors on the accounts for financial year ending 31.3.1999 and the report of the Auditors on the annual accounts should be put up to BoD before placing it to the AGM. The Committee is unable to understand the reasons for such omission and deviation from well established practice of the Corporation. The Committee, therefore, urge the Government to analyse the reasons for such irregularities in the Corporation and furnish the same to the Committee. Further, the Government should device ways and means so that such lapses do not occur in future. The Committee would also like to have a copy of the annual accounts of CWC in question alongwith Auditor's Report theiron.**

**7.21 The Committee note that the Central Warehousing Corporation (CWC) is a schedule 'C' Public Sector Undertaking (PSU) and the Managing Director (MD) of CWC who enjoys facilities prescribed by Government/DPE for**

schedule 'C'. However, the reply furnished by the Ministry that none of the officers of the CWC including MD are availing any facility prescribed by Government/DPE for schedule 'B' only and not for schedule 'C' is quite misleading. It seems that the MD of CWC is sometimes availing the facilities of schedule 'B', also. The Committee view this situation very seriously and opine that the Ministry is obstructing the Committee in discharge of their parliamentary responsibilities. The Committee, therefore, strongly recommend that while furnishing the information called for by the Committee, the Ministry should take utmost care and the reply furnished by them should be specific and to the point. The Committee further recommend the Government to examine the matter in depth in consultation with BOD of the Corporation and issue necessary instructions so that the officers of the Corporation availing higher facilities than entitled should be checked with immediate effect. The exact and specific information sought by the Committee in regard to facilities availed by the MD (CWC) should be furnished to the Committee within 3 months times specially with reference to foreign travel.

7.22 The Committe are constraint to note that the officials against whom the CBI inquiries are pending are still working on sensitive posts. In view of the gross irregularities committed by them, the Committee recommend that such officials should immediately be transferred to some other non-sensitive posts so that they may not influence the inquiry proceedings pending against them. The Committee further desire that CBI should be persuaded for speedy disposal of the cases pending with them so that guilty persons may be penalised and the amount, if any, found to be misappropriated by them, may be recovered speedily. The Committee would also like to be apprised of the outcome of the pending cases.

7.23 Central Warehousing Corporation (CWC) was established to acquire and build warehouses at suitable places and to operate them for storage of agricultural produces and certain other items including industrial goods. The Committee note that the Corporation was earning profits in the past but from the year 1996-97 onwards the performance of the Corporation deteriorated. While the turnover of the Corporation increased year-after-year from 1996-97 onwards the net profit of the Corporation declined from 84.95 crore, in 1996-97 to Rs. 67.77, in 1997-98 and subsequently slumped to Rs. 41.50 crore in 1998-99 which amounts to nearly 51% decrease in profit over 1996-97.The reasons put forth by the Ministry that there is a declining trend in the utilisation of godowns of the warehouses is not very much convincing due to the fact that total capacity utilisation during the years 1996-97, 97-98 and 98-99 stood at 73%, 72% and 74% respectively. Also the Ministry could not convince the Committee during

**the evidence as to whether any study has been initiated by them to check the declining trend of the net profit earned by the Corporation and to search for alternative measures. In view of the Committee CWC have virtually failed in helping and encouraging the farmers which is quite contrary to purposes of its establishment. The Committee, therefore, strongly recommend that Government should make all out efforts to check the declining trend of profit and to make it commensurate in proportion to total turnover. Steps taken and progress achieved in this regard should be communicated to the Committee within three months time.**

NEW DELHI;
17 *April*, 2000
28 *Chaitra* , 1922 *(Saka)*

DEVENDRA PRASAD YADAV,
*Chairman,*
*Standing Committee on Food,*
*Civil Supplies and Public Distribution.*

## PART II

## MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON WEDNESDAY THE 23RD MARCH, 2000

The Committee sat from 11.00 to 17.30 hours.

PRESENT

Shri Devendra Prasad Yadav — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri. A.P. Abdullakutty
3. Prof. S.P. Singh Baghel
4. Shri Ranen Barman
5. Shri Namdeorao Harbaji Diwathe
6. Shri Rameshwar Dudi
7. Shri Abdul Hamid
8. Shri Jai Prakash
9. Shrimati Preneet Kaur
10. Shri Brijlal Khabri
11. Shri Shyam Bihari Mishra
12. Shri Mansinh Patel
13. Shri Laxmanrao Patil
14. Shri Baju Ban Riyan
15. Shri Vishnu Dev Sai
16. Shri Abdul Rashid Shaheen

*Rajya Sabha*

17. Shri Lajpat Rai

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri R.S. Mishra — *Under Secretary*

WITNESSES

**Ministry of Consumer Affairs and Public Distribution (Department of Public Distribution)**

1. Shri M.D. Asthana, Secretary (PD)

2. Shri C.S. Rao, AS & FA

3. Shri R.P. Das Gupta, Chairman (FCI)

4. Shri J.S. Gill, Managing Director (FCI)

5. Shri N.K. Choubey, Managing Director (CWC)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Consumer Affairs and Public Distribution (Department of Public Distribution). The Chairman then asked the Secretary concerned to introduce his colleagues and the Secretary introduced his colleagues.

3. The Committee then discussed with the representatives of the Ministry of Consumer Affairs and Public Distribution (Department of Public Distribution) the various points mentioned in the List of Points. The queries of Members were resolved by the representatives. The evidence was concluded.

4. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON TUESDAY THE 11TH APRIL, 2000

The Committee sat from 11.40 to 13.00 hours.

PRESENT

Shri Devendra Prasad Yadav — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri A. P. Abdullakutty
3. Shri Shyamlal Bansiwal
4. Shri Namdeorao Harbaji Diwathe
5. Shri Abdul Hamid
6. Shri Jai Prakash
7. Shrimati Preneet Kaur
8. Shri Brijlal Khabri
9. Shri Shyam Bihari Mishra
10. Shri Aditya Nath
11. Shri Sisram Ola
12. Shri Abdul Rashid Shaheen
13. Shri Tejveer Singh
14. Shri Ram Mohan Gadde

*Rajya Sabha*

15. Shri Lajpat Rai
16. Shri Dawa Lama

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri R.S. Mishra — *Under Secretary*

(i) Consideration and adoption of Draft Fourth Report.

2. ** ** ** **

(ii) Consideration and adoption of Draft Fifth Report.

3. The Committee, then, considered the Draft Fifth Report on Demands for Grants (2000-2001) relating to the Department of Public Distribution, Ministry of Consumer Affairs and Public Distribution. The Committee adopted the report with certain modifications.

(iii) Consideration and adoption of Draft Sixth Report.

4. ** ** ** **

5. The Committee, then, authorised the Chairman to make consequential changes arising out of the factual verification of the reports by three Departments of Ministry of Consumer Affairs and Public Distribution and present/lay the same in both the Houses of Parliament.

*The Committee then adjourned.*